



**Baring International  
Umbrella Fund**

Prospectus

06 September, 2017

The Directors of Baring International Fund Managers (Ireland) Limited (the “Managers”), whose names appear under the heading “Directors of The Managers” are the persons responsible for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

## PROSPECTUS

### BARING INTERNATIONAL UMBRELLA FUND

(an open-ended umbrella unit trust established pursuant to the Unit Trusts Act, 1990.)

Baring ASEAN Frontiers Fund  
Baring Asia Growth Fund  
Baring Australia Fund  
Baring Europa Fund  
Baring Hong Kong China Fund  
Baring International Bond Fund

(the “Funds”)

Distribution of this Prospectus is not authorised in any jurisdiction unless accompanied by a copy of the then latest published annual report of the Unit Trust and, if published after such annual report, a copy of the latest semi-annual report. Such reports and this Prospectus together form the prospectus for the issue of Units. Before investing you must have received and read the Key Investor Information Document (KIID).

**Investment in units (“Units”) in the Baring International Umbrella Fund (the “Unit Trust”) involves risks and may not be suitable for all investors. Investment into the Funds should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. An investment in one Fund is not a complete investment programme. As part of an investor’s long-term investment planning they should consider diversifying their portfolio by investing in a range of investments and asset classes. Potential investors’ attention is drawn to the section headed “Risk Factors”. If you are in any doubt as to whether or not investment in the Unit Trust is suitable for you or about the contents of this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.**

Unitholders should note that some or all of the management fees and other fees and expenses of a Fund may be charged to capital where there is insufficient income available. Thus, on redemption of holdings, Unitholders may not receive back the full amount invested. The policy of charging fees and expenses to capital will also have the effect of lowering the capital value of your investment and constraining the potential for future capital growth.

Dated: 06 September, 2017

The Unit Trust is a unit trust constituted by a Trust Deed governed by the laws of Ireland. It is authorised in Ireland as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011) as amended (the "Regulations"). Accordingly, the Unit Trust is authorised by the Central Bank of Ireland (the "Central Bank").

**Authorisation by the Central Bank is not an endorsement or guarantee of the Funds nor is the Central Bank responsible for the contents of this Prospectus. The authorisation of the Unit Trust by the Central Bank shall not constitute a warranty as to the performance of the Funds and the Central Bank shall not be liable for the performance or default of the Funds.**

**The price of Units may fall as well as rise.**

The Unit Trust has been certified by the competent Irish regulatory authorities as complying with the conditions necessary to enjoy the rights conferred by EC Council Directive No. 85/611/EEC (the "UCITS Directive") on the co-ordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) in the form after the amendments made thereto as a consequence of EC Council Directive No. 2001/107/EC and EC Council Directive No. 2001/108/EC and may apply to the regulatory authorities in the Member States of the EU to be marketed to the public in those Member States.

The Unit Trust is a recognised collective investment scheme for the purposes of the Financial Services and Markets Act 2000 (the "FSMA") of the United Kingdom. This Prospectus will be distributed in the United Kingdom by or on behalf of the Managers and is approved by Baring Asset Management Limited (the "Investment Manager"), which is authorised and regulated by the Financial Conduct Authority ("FCA") for the purposes of the FSMA.

The Managers may apply to register the Unit Trust for public marketing in various jurisdictions from time to time. Details in relation to the registration status of each Fund in other jurisdictions are set out in Appendix III. As opportunities arise for wider marketing, the Managers may decide to make application to relevant authorities for public marketing of the Unit Trust in other jurisdictions.

The Investment Manager is acting for the Managers in relation to this Prospectus and matters relating thereto and it or any of its associates may have an interest or position in Units in the Unit Trust. It is not acting for, or advising, or treating as its customer, any other person (unless other arrangements apply between the Investment Manager and such person) in relation to investment in the Unit Trust and will not be responsible for providing to any such other person best execution or any other of the protections afforded to its customers.

No person receiving either a copy of this Prospectus, the Key Investor Information Documents or an Application Form may treat this Prospectus, the Key Investor Information Documents or the Application Form as constituting an invitation to him to purchase or subscribe for Units, nor should he in any event use the Application Form, unless in the relevant territory such an invitation could lawfully be made to him, or the Application Form could lawfully be used, without compliance with any registration or other legal requirements. Any person wishing to make an application should satisfy himself as to the observance of the laws of any relevant territory, including the obtaining of any requisite governmental or other consents and the observing of any other formalities.

**Units have not been registered under the United States Securities Act of 1933 (as amended) and may not be directly or indirectly offered or sold in the United States or to any United States person.**

The Units have not been and will not be registered under the Financial Instruments and Exchange Law of Japan, and, accordingly, no Units may be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any Japanese person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For this purpose, "Japanese person" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

The Trust Deed gives powers to the Managers to redeem or require the transfer of Units held by any United States person or by any person in breach of the laws or requirements of any country or government authority or by any person or persons in circumstances (whether directly or indirectly affecting such person or persons, and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Managers to be relevant) which, in the opinion of the Managers, might result in regulatory, pecuniary, legal, taxation or material administrative disadvantage which the Fund or the Unit Trust might not otherwise have suffered. If a Unitholder currently resident outside the United States becomes resident in the United States, the Managers reserve the right to compulsorily redeem or require the transfer of Units held by the Unitholder.

Repeatedly purchasing and selling Units in the Funds in response to short-term market fluctuations - known as 'market timing' - can disrupt the Managers' investment strategy and increase the Funds' expenses to the prejudice of all Unitholders. The Funds are not intended for market timing or excessive trading. To deter these activities, the Managers may refuse to accept an application for Units from persons that they reasonably believe are engaged in market timing or are otherwise excessive or potentially disruptive to the Funds.

The Managers reserve the right to redeem Units from a Unitholder, if it has reasonable grounds to believe that the Unitholder is engaging in any activity which might result in the Fund or its Unitholders as a whole suffering any regulatory, pecuniary, legal, taxation or material administrative disadvantage which the Fund or its Unitholders as a whole might not otherwise have suffered.

Any information given, or representations made, by any dealer, salesman or other person not contained in this Prospectus or the accompanying documents should be regarded as unauthorised and should accordingly not be relied upon. Neither the delivery of this Prospectus nor the offer, issue or sale of Units shall, under any circumstances, constitute a representation that the information given in this Prospectus is correct as of any time subsequent to the date of this Prospectus.

An investment in one Fund is not a complete investment programme. As part of your long term investment planning you should consider diversifying your portfolio by investing in a range of investments and asset classes.

Potential subscribers of Units should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of Units. Potential subscribers' attention is drawn to the risk factors described under the heading "Risk Factors" within this Prospectus.

Information in relation to the admission to listing of various Units of each of the Funds on the Official List and to trading on the Global Exchange Market of the Irish Stock Exchange Limited are included at Appendix IV. The Managers do not anticipate that an active secondary market will develop in the Units.

This Prospectus may be translated into languages other than English. Such translations will be direct translations but in the event of any inconsistency, the English language version of this Prospectus will prevail.

**The Managers are entitled to charge a realisation charge of up to 1% of the Dealing Price. However, it is not the intention of the Managers to charge a realisation fee under normal circumstances.**

Regarding the "Profile of a Typical Investor" section in respect of each of the Funds under the "Investment Objectives and Policies" section in the Prospectus, investors should note that such information is provided for reference only and in accordance with the requirements of the Central Bank. Before making any investment decisions, investors should consider their own specific circumstances, including, without limitations, their own risk tolerance level, financial circumstances, and investment objectives. If in doubt, investors should consult their stockbrokers, bank managers, solicitors, accountants, representative banks or other financial advisers.

## DIRECTORS, MANAGERS AND ADVISERS

### MANAGERS

**Baring International Fund Managers  
(Ireland) Limited**

Registered Office:  
Georges Court  
54-62 Townsend Street  
Dublin 2  
Ireland

### DIRECTORS OF THE MANAGERS

**Oliver Burgel  
David Conway  
Barbara Healy  
Julian Swayne  
James Cleary  
Timothy Bruce Schulze**

### INVESTMENT MANAGER

**Baring Asset Management Limited**  
155 Bishopsgate  
London EC2M 3XY  
UK

### DEPOSITARY

**Northern Trust Fiduciary Services (Ireland)  
Limited**  
Georges Court  
54-62 Townsend Street  
Dublin 2  
Ireland

### ADMINISTRATOR AND REGISTRAR

**Northern Trust International Fund Administration  
Services (Ireland) Limited**

Georges Court  
54-62 Townsend Street  
Dublin 2  
Ireland

### LEGAL ADVISERS

#### IRISH LAW

**Dillon Eustace**

33 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### AUDITORS

**PricewaterhouseCoopers**

Chartered Accountants  
One Spencer Dock  
North Wall Quay  
Dublin 1  
Ireland

### SPONSORING BROKERS

**Dillon Eustace**

33 Sir John Rogerson's Quay  
Dublin 2  
Ireland

## **Table of Contents**

Definitions .....	7
Introduction .....	11
Managers, Investment Manager, Depositary, Administrator and Registrar .....	14
Directors of the Managers .....	15
Investment Policy: General .....	17
Investment Objectives and Policies.....	24
Risk Factors .....	31
Borrowings .....	46
Portfolio Transactions and Managers' Unit Dealings.....	47
Distribution Policy.....	47
Report and Accounts.....	49
Trust Deed .....	49
Charges and Expenses.....	50
Taxation .....	54
Subscriptions .....	63
Application Procedure .....	64
Realisation of Units .....	67
Qualified Unitholders and Total Realisation .....	69
Conversion of Units.....	69
Collection Accounts.....	70
Calculation of Net Asset Value.....	70
Certificates and Transfer of Units.....	72
Publication of Prices.....	72
Allocation of Assets and Liabilities .....	72
Meetings of Unitholders .....	73
Duration of the Unit Trust.....	74
Miscellaneous .....	74
Proxy Voting Policies and Procedures .....	74
Best Execution .....	75
Inducements .....	75
Remuneration Policy .....	75
Documents Available for Inspection .....	75
Appendix I .....	77
Investment Restrictions.....	77
Appendix II .....	81
Appendix III .....	83
Registration Status.....	83
Appendix IV.....	85
Class Information .....	85
Enquiries To:.....	87

## **Definitions**

"Accounting Date"	30 April of each year by reference to which annual accounts for the Unit Trust are prepared or such other date as the Managers may from time to time decide.
"Accounting Period"	a period ending on an Accounting Date and commencing on the day following expiry of the last Accounting Period.
"Act"	Unit Trusts Act, 1990 or any amendment thereto for the time being in force.
"Administrator"	Northern Trust International Fund Administration Services (Ireland) Limited or any other person or persons for the time being duly appointed by the Managers as administrator of the Unit Trust in succession thereto with the prior approval of the Central Bank.
"Administrator Agreement"	the Amended and Restated Administration Services Agreement made between the Managers, the Depositary and the Administrator dated 1 July 2011, as may be amended or Supplemented from time to time.
"Application Form"	any application form to be completed by investors as prescribed by the Managers from time to time.
"AUD", "AU\$", Australian Dollar"	refers to the currency of Australia.
"Base Currency"	the currency of account of a Fund as specified in the Prospectus.
"Business Day"	in relation to a Fund any day other than Saturday or Sunday on which banks in both Dublin and London are open for business.
"Central Bank"	the Central Bank of Ireland.
"Central Bank UCITS Regulations"	means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1) (Undertakings for Collective Investment in Transferable Securities)) Regulations 2015 as may be amended, constituted or substituted from time to time and any notices or guidance issued by the Central Bank pursuant thereto for the time being in force.
"Class"	a particular division of Units in a Fund.
"Collection Account"	means the account operated by the Administrator into which all subscription monies are received and from which all realisation and distribution proceeds are paid as described under the heading "Collection Account".
"Data Protection Legislation"	means the Data Protection Act, 1988 as amended by the Data Protection (Amendment) Act, 2003 as amended from time to time.
"Dealing Day"	every Business Day and/or such other day or days as the Managers may, with the approval of the Depositary, determine, provided that there shall be at least two Dealing Days in each month.
"Dealing Price"	The price at which Units are subscribed for or redeemed being the Net Asset Value per Unit calculated in accordance with the principles set out in the section "Calculation of Net Asset Value" within this Prospectus.
"Depositary"	Northern Trust Fiduciary Services (Ireland) Limited or any other person or persons for the time being duly appointed as depositary of the Unit Trust in succession thereto in accordance with the requirements of the Central Bank.
"Directors"	the directors of the Unit Trust or any duly authorised committee or delegate thereof.
"EMIR"	European Market Infrastructure Regulation on derivatives, central counterparties and trade repositories which imposes requirements on all types and sizes of entities that enter into any form of derivative contract, including those not involved in financial services and also establishes common organisational, conduct of business and prudential standards for central counterparties (CCPs) and trade repositories.

“Euro”, “€”, “EUR”	refers to the currency of certain member states of the European Union.
“European Economic Area (EEA)”	the EU Member States (Austria, Belgium, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, the Netherlands and the United Kingdom) together with Iceland, Liechtenstein and Norway and such other states which may join the EEA from time to time.
“Extraordinary Resolution”	means a resolution proposed as such and passed as such by a majority consisting of 75 per cent, or more of the total number of votes cast for and against such resolution, of a meeting of Unitholders or, as the case may require, Unitholders of a particular class of Units, duly convened and held in accordance with the provisions contained in the Trust Deed.
“FCA”	the Financial Conduct Authority of the United Kingdom.
“FSMA”	the Financial Services and Markets Act, 2000 of the United Kingdom.
“Fund” or “Funds”	a sub-fund of the Unit Trust representing the designation by the Managers of a particular class of units as a sub-fund the proceeds of issue of which are pooled separately and invested in accordance with the investment objective and policies applicable to such sub-fund and which is established by the Managers from time to time with the approval of the Central Bank.
“Global Exchange Market”	the global exchange market of the Irish Stock Exchange.
“HMRC”	Her Majesty’s Revenue & Customs in the United Kingdom.
“HKD”, “Hong Kong Dollar”	refers to the currency of Hong Kong.
“Investment Management Agreement”	the amended and restated investment management agreement dated 21 July 2015 between the Managers and Baring Asset Management Limited.
“Investment Manager”	Baring Asset Management Limited or any other person or persons for the time being duly appointed as investment manager of the Unit Trust in succession thereto in accordance with the requirements of the Central Bank.
“Investor Money Regulations”	means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Investor Money Regulations 2015 for Fund Service Providers.
“Ireland”	the Republic of Ireland.
“Irish Stock Exchange”	The Irish Stock Exchange plc and any successor hereto.
“Managers”	Baring International Fund Managers (Ireland) Limited or any other person or persons for the time being duly appointed as manager of the Unit Trust in succession thereto in accordance with the requirements of the Central Bank.
“Minimum Investment”	such amount in respect of initial and/or subsequent subscriptions as may be specified in the Prospectus or as the Managers may determine and notify to investors.
“Minimum Holding”	the minimum number or value of Units which must be held by Unitholders as specified in the Prospectus.
“Money Market Instruments”	instruments normally dealt in on the money market which are liquid and have a value which can be accurately determined at any time. Examples of such Money Market Instruments include certificates, deposits and listed short-term fixed and floating rate securities (including government and corporate notes and bonds).
“month”	calendar month.
“Net Asset Value”	the net asset value of a Fund or a relevant Class, as the case may be, determined in accordance with the principles set out in the section “Calculation of Net Asset Value” within this Prospectus.



“OECD”	the Organisation for Economic Co-operation and Development. The thirty-four following countries are members of the OECD as of the date of this Prospectus: Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States.
“PRC”	the People’s Republic of China.
“Preliminary Charge”	a fee charged on subscriptions as specified in the Prospectus or such higher amount as may be approved by an Extraordinary Resolution.
“Prospectus”	this document as may be amended, supplemented or modified from time to time.
“QFII Regulations”	refers to the measures issued by the relevant authorities in the People’s Republic of China with respect to the qualified foreign institutional investors.
“Realisation Charge”	a percentage of the Dealing Price per Unit as specified in the Prospectus or such higher amount as may be approved by an Extraordinary Resolution.
“Regulations”	means the UCITS Regulations and the Central Bank UCITS Regulations.
“Renminbi”, “RMB”	refers to the currency of the People’s Republic of China.
“Semi-Annual Accounting Date”	31 October in each year.
“Settlement Date”	three Business Days following the relevant Dealing Day.
“SFTR”	Regulation EU 2015/2365 of the European Parliament and of the Council on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012.
“Specified US Person”	means (i) a US citizen or resident individual, (ii) a partnership or corporation organized in the United States or under the laws of the United States or any State thereof (iii) a trust if (a) a court within the United States would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of the trust, and (b) one or more US persons have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the United States <b>excluding</b> (1) a corporation the stock of which is regularly traded on one or more established securities markets; (2) any corporation that is a member of the same expanded affiliated group, as defined in section 1471(e)(2) of the U.S. Internal Revenue Code, as a corporation described in clause (i); (3) the United States or any wholly owned agency or instrumentality thereof; (4) any State of the United States, any U.S. Territory, any political subdivision of any of the foregoing, or any wholly owned agency or instrumentality of any one or more of the foregoing; (5) any organization exempt from taxation under section 501(a) or an individual retirement plan as defined in section 7701(a)(37) of the U.S. Internal Revenue Code; (6) any bank as defined in section 581 of the U.S. Internal Revenue Code; (7) any real estate investment trust as defined in section 856 of the U.S. Internal Revenue Code; (8) any regulated investment company as defined in section 851 of the U.S. Internal Revenue Code or any entity registered with the Securities Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. 80a-64); (9) any common trust fund as defined in section 584(a) of the U.S. Internal Revenue Code; (10) any trust that is exempt from tax under section 664(c) of the U.S. Internal Revenue Code or that is described in section 4947(a)(1) of the U.S. Internal Revenue Code; (11) a dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any State; or (12) a broker as defined in section 6045(c) of the U.S. Internal Revenue Code. This definition shall be interpreted in accordance with the US Internal Revenue Code.
“Sterling”, “pence”, “GBP”, “£”	refers to the currency of the United Kingdom.
“Swiss Franc”, “CHF”	refers to the currency of Switzerland.

"Top Up Form"	any application form for additional units in an existing Fund, to be completed by investors as prescribed by the Managers from time to time.
"Trust Deed"	the amended and restated Trust Deed dated 30 March 2016 (as may be supplemented from time to time) made between Baring International Fund Managers (Ireland) Limited as Managers and Northern Trust Fiduciary Services (Ireland) Limited as Depositary.
"UCITS"	<p>an undertaking for collective investment in transferable securities:</p> <ul style="list-style-type: none"> <li>- the sole object of which is the collective investment in either or both; (i) transferable securities; or (ii) other liquid financial assets; of capital raised from the public and which operates on the principle of risk-spreading,</li> <li>- the shares or units of which are, at the request of holders, repurchased or realised, directly or indirectly, out of that undertaking's assets. Action taken by a UCITS to ensure that the stock exchange value of its Shares does not vary significantly from their net asset value shall be regarded as equivalent to such repurchase or realisation.</li> </ul>
"UCITS Directive"	EC Council Directive 2009/65/EC of 13 July 2009 as amended by EC Council Directive 2014/91/EU of 23 July 2014.
"UCITS Regulations"	European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011) as amended by the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2016.
"Unit"	an undivided share in the assets of a Fund.
"Unitholder"	means a natural or legal person, including entered on the register of a Fund as the holder of a Unit and includes persons so entered as joint holders of a Unit, such holder or holders being entitled to an undivided co-ownership interest as tenants in common with the other holders in the assets of a Fund.
"United States"	the United States of America, its territories, possessions and all areas subject to its jurisdiction (including the Commonwealth of Puerto Rico).
"United States Person"	any citizen or resident of the United States, any corporation, trust, partnership or other entity created or organised in or under the laws of the United States, any state thereof or any estate or trust the income of which is subject to United States federal income tax, regardless of source. The expression also includes any person falling within the definition of the term "U.S. Person" under Regulation S promulgated under the United States Securities Act of 1933.
"Unitholders"	a person who is registered as a holder of Units in the Register of Unitholders for the time being kept by or on behalf of the Unit Trust.
"Unit Trust"	Baring International Umbrella Fund.
"US Dollar", "cent", "USD", "US\$"	refers to the currency of the United States of America.
"Valuation Day"	the Dealing Day, unless specified otherwise in the relevant Supplement for a Fund.
"Valuation Point"	12 noon (Irish time) on every Dealing Day in respect of Baring ASEAN Frontiers Fund, Baring Asia Growth Fund, Baring Australia Fund, Baring Europa Fund, Baring Hong Kong China Fund and Baring International Bond Fund. The Managers, with the approval of the Depositary, may change the Valuation Point of a Fund upon giving reasonable advance notice to Unitholders provided that in any event, dealing will always be on a forward pricing basis.

## Introduction

Baring International Umbrella Fund (the “Unit Trust”) is a unit trust managed by Baring International Fund Managers (Ireland) Limited and is designed to give both individual and institutional investors the benefit of experienced professional portfolio management. The sole object of the Unit Trust is the collective investment in transferable securities and/or other liquid financial assets referred to in Regulation 4(3) of the UCITS Regulations of capital raised from the public and which operates on the principle of risk spreading. The Unit Trust was established pursuant to a Trust Deed dated 22 November 1990 made between Baring International Fund Managers (Ireland) Limited as Managers (the “Managers”) and Northern Trust Fiduciary Services (Ireland) Limited as Depositary (the “Depositary”), as amended and restated by the Trust Deed dated 30 March 2016 (as may be supplemented from time to time).

The Unit Trust is an umbrella trust in that different Funds may be issued from time to time by the Managers in accordance with the requirements of the Central Bank. A separate trust fund (a “Fund”) is maintained for each portfolio of assets and is invested in accordance with the investment objectives applicable to such Fund. Each Fund may create more than one Class of Unit and these separate Classes of Unit may have different characteristics which may include but are not limited to fee structure, currency of denomination, dividend policy or hedging strategy. Each Unit in the Unit Trust constitutes a beneficial interest in the Unit Trust and represents one undivided share in the property of the relevant Fund.

Units are available in the following Funds and Classes and have the following features:

Fund and Class	Base Currency	Annual Management Fee	Initial Minimum Investment / Minimum Holding*	Subsequent Minimum Investment*
Baring ASEAN Frontiers Fund				
Class A AUD Hedged Acc	USD	1.25%	AU\$6,000	AU\$500
Class A CHF Hedged Acc		1.25%	US\$5,000**	US\$500**
Class A EUR Acc		1.25%	€3,500	€500
Class A EUR Inc		1.25%	€3,500	€500
Class A GBP Inc		1.25%	£2,500	£500
Class A RMB Hedged Acc		1.25%	US\$5,000**	US\$500**
Class A USD Acc		1.25%	US\$5,000	US\$500
Class A USD Inc		1.25%	US\$5,000	US\$500
Class D GBP Inc		1.00%	£1,000,000	£500
Class I CHF Hedged Acc		0.75%	US\$10,000,000**	US\$500**
Class I EUR Acc		0.75%	€10,000,000	€500
Class I GBP Acc		0.75%	£10,000,000	£500
Class I GBP Inc		0.75%	£10,000,000	£500
Class I USD Acc		0.75%	US\$10,000,000	US\$500
Class R GBP Inc		0.75%	£1,000,000	£500
Baring Asia Growth Fund				
Class A AUD Hedged Acc	USD	1.25%	AU\$6,000	AU\$500
Class A CHF Hedged Acc		1.25%	US\$5,000**	US\$500**
Class A EUR Acc		1.25%	€3,500	€500
Class A EUR Inc		1.25%	€3,500	€500
Class A GBP Inc		1.25%	£2,500	£500
Class A RMB Hedged Acc		1.25%	US\$5,000**	US\$500**
Class A USD Acc		1.25%	US\$5,000	US\$500
Class A USD Inc		1.25%	US\$5,000	US\$500
Class D GBP Inc		1.00%	£1,000,000	£500
Class I CHF Hedged Acc		0.75%	US\$10,000,000**	US\$500**
Class I EUR Acc		0.75%	€10,000,000	€500
Class I GBP Acc		0.75%	£10,000,000	£500
Class I GBP Inc		0.75%	£10,000,000	£500
Class I USD Acc		0.75%	US\$10,000,000	US\$500

# BARING INTERNATIONAL UMBRELLA FUND

Class R GBP Inc		0.75%	£1,000,000	£500
Baring Australia Fund				
Class A AUD Inc	USD	1.25%	AU\$6,000	AU\$500
Class A EUR Acc		1.25%	€3,500	€500
Class A EUR Inc		1.25%	€3,500	€500
Class A GBP Inc		1.25%	£2,500	£500
Class A RMB Hedged Acc		1.25%	US\$5,000**	US\$500**
Class A USD Inc		1.25%	US\$5,000	US\$500
Class D GBP Inc		1.00%	£1,000,000	£500
Class I AUD Acc		0.75%	AU\$10,000,000	AU\$500
Class I EUR Acc		0.75%	€10,000,000	€500
Class I GBP Acc		0.75%	£10,000,000	£500
Class I GBP Inc		0.75%	£10,000,000	£500
Class I USD Acc		0.75%	US\$10,000,000	US\$500
Class R GBP Inc		0.75%	£1,000,000	£500
Baring Europa Fund				
Class A EUR Acc	USD	1.25%	€3,500	€500
Class A EUR Inc		1.25%	€3,500	€500
Class A RMB Hedged Acc		1.25%	US\$5,000**	US\$500**
Class A USD Inc		1.25%	US\$5,000	US\$500
Class C EUR Inc		1.25%	€3,500	€500
Class C USD Inc		1.25%	US\$5,000	US\$500
Class D GBP Inc		1.00%	£1,000,000	£500
Class I EUR Acc		0.75%	€10,000,000	€500
Class I GBP Inc		0.75%	£10,000,000	£500
Class I USD Acc		0.75%	US\$10,000,000	US\$500
Class R GBP Inc		0.75%	£1,000,000	£500
Baring Hong Kong China Fund				
Class A EUR Acc	USD	1.25%	€3,500	€500
Class A EUR Inc		1.25%	€3,500	€500
Class A GBP Inc		1.25%	£2,500	£500
Class A HKD Inc		1.25%	US\$5,000**	US\$500**
Class A RMB Hedged Acc		1.25%	US\$5,000**	US\$500**
Class A USD Acc		1.25%	US\$5,000	US\$500
Class A USD Inc		1.25%	US\$5,000	US\$500
Class C EUR Inc		1.25%	€3,500	€500
Class C USD Inc		1.25%	US\$5,000	US\$500
Class D GBP Inc		1.00%	£1,000,000	£500
Class I EUR Acc		0.75%	€10,000,000	€500
Class I GBP Acc		0.75%	£10,000,000	£500
Class I GBP Inc		0.75%	£10,000,000	£500
Class I USD Acc		0.75%	US\$10,000,000	US\$500
Class R GBP Inc	0.75%	£1,000,000	£500	
Baring International Bond Fund				
Class A EUR Inc	USD	0.75%	€3,500	€500
Class A GBP Inc		0.75%	£2,500	£500
Class A RMB Hedged Inc Monthly		0.75%	US\$5,000**	US\$500**
Class A USD Inc		0.75%	US\$5,000	US\$500
Class D GBP Inc		0.75%	£1,000,000	£500

Class I EUR Acc		0.50%	€10,000,000	€500
Class I GBP Acc		0.50%	£10,000,000	£500
Class I GBP Inc		0.50%	£10,000,000	£500
Class I USD Acc		0.50%	US\$10,000,000	US\$500
Class R GBP Inc		0.50%	£1,000,000	£500

\* Or such lower amount as the Managers may determine at their discretion.

\*\* CHF, RMB or HKD equivalent of the US\$ amounts specified.

ISIN details for each Fund can be found in Appendix IV.

Each Fund will be treated as bearing its own liabilities and enter into its own obligations and the assets of a Fund are not available to cover the commitments of another Fund within the Unit Trust. Separate accounts and records will be maintained for each Fund.

Units of other Classes may be introduced by the Managers from time to time which shall be notified to and cleared in advance with the Central Bank. On the introduction of any new Class of Units, the Managers will prepare and issue documentation setting out the relevant details relating to each such class of Units. Appendix IV to the Prospectus contains information in relation to Classes of each Fund which are available for subscription.

Each Fund will be valued by reference to the Net Asset Value per Unit determined as at the Valuation Point on each Dealing Day and Units may normally be purchased, realised or converted by application to the Managers on a Dealing Day.

The Managers may decline any application for Units in whole or in part and will not accept subscription for Units of an amount (inclusive of the Preliminary Charge) which is less than the Minimum Investment. The Minimum Holding and Minimum Investment in respect each Class may be waived at the discretion of the Managers. A Preliminary Charge of up to 6% (or such higher amount as may be approved by an Extraordinary Resolution) of the Dealing Price may be made and retained by the Managers but it is the intention of the Managers that such charge should not, until further notice, exceed 5%. No Preliminary Charge shall be levied in respect of subscription for Class C Units or for Class I Units.

Class C, Class D and Class R Units will be available to certain distributors who have in place a placing agency or distribution arrangement with the Managers or their delegates.

All Unitholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Trust Deed, copies of which are available as mentioned below.

Information in this Introduction is selective and should be read in conjunction with the full text of this Prospectus.

### **AUD Hedged Unit Class**

The AUD Hedged Unit Classes aim to mitigate the effect of fluctuations in the exchange rate of AUD to the US Dollar, the Base Currency of the Funds. The Investment Manager may do so by using the derivative instruments and techniques set out under the heading "Investment Policy: General" such as foreign exchange forward contracts. Please refer to the section headed "Risks Factors" in this Prospectus.

### **CHF Hedged Unit Class**

The CHF Hedged Unit Classes aim to mitigate the effect of fluctuations in the exchange rate of CHF to the US Dollar, the Base Currency of the Funds. The Investment Manager aims to do so by using the derivative instruments and techniques set out under the heading "Investment Policy: General" such as foreign exchange forward contracts. Please refer to the section headed "Risks Factors" in this Prospectus.

### **RMB Hedged Unit Classes**

The RMB Hedged Unit Classes aim to mitigate the effect of fluctuations in the exchange rate of RMB to the US Dollar, the Base Currency of the Funds. The Investment Manager aims to do so by using the derivative instruments and techniques set out under the heading "Investment Policy: General" such as foreign exchange forward contracts. The RMB Hedged Unit Classes are denominated and priced in RMB. All subscriptions and redemptions should be placed in offshore RMB (CNH) and will be settled in offshore RMB (CNH). The Managers may accept payment in other currencies, but such payments will be converted into offshore RMB (CNH) and only the proceeds of such conversion at the prevailing exchange rate (after deducting expenses relating to such conversion) will be applied by the Managers towards payment of the subscription monies. Any distributions will be paid in offshore RMB (CNH). Please refer to the section headed "Risk Factors" in this Prospectus.

## Managers, Investment Manager, Depositary, Administrator and Registrar

### Managers

The Managers of the Unit Trust are Baring International Fund Managers (Ireland) Limited which was incorporated in Ireland as a private limited company on 16 July 1990. The issued share capital of the Managers is £100,000, all of which has been paid up in full. The company secretary of the Managers is Northern Trust International Fund Administration Services (Ireland) Limited.

The Managers have the right under the Trust Deed to retire at any time upon the appointment of a successor as provided in the Trust Deed. They may be removed by the Depositary in certain circumstances, including where the holders of not less than 50% of the Units for the time being in issue so request.

The Trust Deed contains provisions governing the responsibilities of the Managers and providing for their indemnification in certain circumstances, subject to exclusions in the case of its negligence, fraud, bad faith or wilful default in the performance of its obligations and subject to the provisions of the Regulations and any conditions imposed by the Central Bank thereunder.

The Managers are an indirect wholly-owned subsidiary of Massachusetts Mutual Life Insurance Company, a member of the MassMutual Financial Group. MassMutual Financial Group comprises member companies with over US\$642 billion of assets under management as of 31 December 2015 and is a global, growth-oriented, diversified financial services organisation providing life insurance, annuities, disability income insurance, long-term care insurance, retirement planning products, structured settlement annuities, trust services, money management, and other financial products and services.

In addition to managing the Unit Trust, the Managers also manage Baring China A-Share Fund plc, Baring Currency Umbrella Fund, Baring Emerging Markets Umbrella Fund, Baring Global Umbrella Fund, Baring Global Opportunities Umbrella Fund, Baring Institutional Funds, Baring Investment Funds plc, Baring Korea Feeder Fund and Baring Component Funds. Only the Unit Trust, Baring Global Umbrella Fund, Baring Investment Funds plc and Baring Emerging Markets Umbrella Fund are recognised schemes for the purpose of the FSMA.

The Managers will at all times have due regard to their respective duties owed to each fund managed by them (including each Fund within the Unit Trust) and if any conflict of interest should arise as between any of those funds the Managers will have regard to their obligations under the Trust Deed and their obligation to act in the best interests of their clients in seeking to ensure that the conflict is resolved fairly. There are no other potential conflicts of interest between the Unit Trust and its service providers.

### Investment Manager

Under the terms of the Investment Management Agreement, the Managers have delegated the investment management of each Fund to the Investment Manager. The Investment Management Agreement provides that the appointment of the Investment Manager may be terminated by either party giving notice in writing to the other party and provides for the orderly transfer of the Investment Manager's responsibilities in such circumstances.

Subject to the Central Bank's approval, the Investment Manager may sub-delegate such investment management to other entities including group companies. The fees and expenses of any sub-investment managers appointed by Investment Manager will be discharged by the Investment Manager. Details of any sub-investment managers appointed to a Fund will be provided to unitholders upon request and details will also be provided in the periodic reports of the Unit Trust.

The Investment Manager provides asset management services in developed and emerging equity and bond markets on behalf of institutional and retail clients globally. As at 29 February 2016, the firm managed US\$23.6billion. The Investment Manager is authorised and regulated by the FCA. The Investment Manager is also the promoter of the Unit Trust.

The Investment Manager may in the course of its business have conflicts of interest with the Unit Trust. The Investment Manager will, however, have regard to its obligations to act in the best interest of its clients when undertaking any investments where conflicts of interest may arise and will seek to resolve such conflicts fairly. In relation to co-investment opportunities which arise between the Funds and the Investment Manager's other clients, the Investment Manager will ensure that the Funds participate fairly in such investment opportunities and that these are fairly allocated.

### Depositary

The Depositary of the Unit Trust is Northern Trust Fiduciary Services (Ireland) Limited.

The Depositary is a private limited liability company incorporated in Ireland on 5 July 1990. Its main activity is the provision of custodial services and to act as trustee and depositary to collective investment schemes. The Depositary is an indirect wholly-owned subsidiary of Northern Trust Corporation. Northern Trust Corporation and its subsidiaries comprise the Northern Trust Group, one of the world's leading providers of global custody and administration services to institutional and personal investors. As at 31 December 2016, the Northern Trust Group's assets under custody totalled in excess of US\$6.7 trillion.

Pursuant to the Trust Deed, the Depositary may delegate its safekeeping obligations provided that (i) the services are not delegated with the intention of avoiding the requirements of the UCITS Regulations, (ii) the Depositary can demonstrate that there is an objective reason for the delegation and (iii) the Depositary has exercised all due, skill, care and diligence in the selection and appointment of any third party to whom it wants to delegate parts of the services, and keeps exercising all due skill, care and diligence in the periodic review and ongoing monitoring of any third party to whom it has delegated parts of its safekeeping services and of the arrangements of the third party in respect of the matters delegated to it. The liability of the Depositary will not be affected by virtue of any such delegation. The Depositary has delegated to its global sub-custodian, The Northern Trust Company, London branch, responsibility for the safekeeping of the Unit Trust's financial instruments and cash. The global sub-custodian proposes to further delegate these responsibilities to sub-delegates. Details regarding the Depositary, including a description of its duties and any conflicts of interest that may arise, any safekeeping functions delegated by the depositary and an up to date list of such sub-custodians shall be made available to investors free of charge upon request.

The Trust Deed provides that the Depositary shall be liable, (i) in respect of a loss of a financial instrument held in its custody (or that of its duly appointed delegate) unless it can prove that the loss has arisen as a result of an external event beyond the Depositary's reasonable control, the consequences of which would have been unavoidable despite all reasonable measures to the contrary, and (ii) in respect of all other losses as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the UCITS Regulations. The Trust Deed contains certain indemnities in favour of the Depositary (and each of its officers, employees and delegates) which are restricted to exclude matters for which the Depositary is liable pursuant to the UCITS Regulations or matters arising by reason of the negligent or intentional failure of the Depositary in the performance of its duties.

#### Administrator and Registrar

Under the terms of the Administrator Agreement, the Managers have appointed the Administrator as the administrator of the Unit Trust. The Managers have delegated their duties as registrar to the Administrator pursuant to the Administrator Agreement. The Administrator Agreement provides that the appointment of the Administrator may be terminated by any party giving not less than 24 months' notice in writing to the others. The Administrator, a company incorporated in Ireland on 15 June 1990 and is an indirect wholly owned subsidiary of Northern Unit Trust Corporation. Northern Unit Trust Corporation and its subsidiaries comprise the Northern Unit Trust Group, one of the world's leading providers of global custody and administration services to institutional and personal investors. The principal business activity of the Administrator is the administration of collective investment schemes.

The duties and functions of the Administrator include, inter alia, the calculation of the Net Asset Value and the Net Asset Value per Unit, the keeping of all relevant records in relation to the Funds as may be required with respect to the obligations assumed by it pursuant to the Administration Agreement, the preparation and maintenance of the Unit Trust and the Unit Trust's books and accounts, liaising with the auditor in relation to the audit of the financial statements of the Unit Trust and the provision of certain Unitholder registration and transfer agency services in respect of units in the Unit Trust..

The Administrator is not involved directly or indirectly with the business affairs, organisation, sponsorship or management of the Company and is not responsible for the preparation of this document other than the preparation of the above description and accepts no responsibility or liability for any information contained in this document except disclosures relating to it. As at the date of this Prospectus, the Administrator is not aware of any conflicts of interest in respect of its appointment as administrator to the Company. If a conflict of interest arises, the Administrator will ensure it is addressed in accordance with the Administration Agreement, applicable laws and in the best interests of the Unitholders.

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## Directors of the Managers

The Directors of the Managers are described below:

### **Oliver Burgel**

Oliver Burgel (German) is the regional Chief Executive of Barings in Europe. He is responsible for the day-to-day general management of Barings' main UK operating entities. He previously served as the Chief Operating Officer

for Babson Capital in Europe and was a co-founder of its predecessor organisation, Duke Street Capital Debt Management. Oliver has over 17 years of investment industry experience. Prior to joining the firm, he worked at London Business School and the Centre for European Economic Research in Mannheim, Germany. Oliver holds an MSc(Econ) from the London School of Economics and a Ph.D. from the University of Warwick.

### **David Conway**

David Conway (Irish) is an Irish citizen and resident. He is an experienced investment management executive with expertise in portfolio management, wealth management and funds administration. Mr Conway left Ulster Bank (a wholly owned subsidiary of Royal Bank of Scotland) in 2010 to become a professional independent fund director, where he worked in a variety of senior roles for over 25 years. From 2000, he was a director of the Wealth Management division. Prior to that he was a director of Ulster Bank Investment Services and played a key role in the development of the bank's business in the administration of investment funds and was a founding member of the Dublin Funds Industry Association (latterly IFIA). He also spent a number of years as an asset manager with Ulster Bank Investment Managers where he was Director of Fixed Income and a member of the investment policy committee. As an independent investment funds director he is involved with a range of investment promoters both from the traditional "long only" and alternative sectors. He holds an honours degree in Economics from Trinity College Dublin and in August of 2013 completed the Certified Investment Funds Director programme.

### **Barbara Healy**

Barbara (Irish) is a chartered accountant by profession and has over 20 years' experience in the asset management industry. From 2004-2009, Barbara was Global Head of Operations for JPMorgan Hedge Fund Services incorporating the role of Executive Director and Head of Technical Solutions EMEA and Asia. During her tenure assets grew from \$5Bn to \$100Bn, positioning the firm as a top-tier service provider in the hedge fund administration market. Ms. Healy previously ran operations for Tranaut Fund Administration Ltd from 2002 to 2004 which was subsequently acquired by JPMorgan, and before this was Director of Accounting for SEI Investments Europe. Ms. Healy has also worked in fund accounting positions in Banker's Trust and Chase Manhattan. She is currently serving as a non-executive director to Irish, Luxembourg and Cayman domiciled funds. Barbara holds a Bachelor of Commerce Degree (Honours) and a Post-Graduate Diploma in Professional Accounting. She is a member of the Institute of Chartered Accountants in Ireland (FCA) and is also a member of the Institute of Directors in Ireland. Barbara attended the High Performance Boards Corporate Governance Programme at IMD, Lausanne, Switzerland, 2011.

### **Julian Swayne**

Julian Swayne is Chief Financial Officer International of Barings in Europe and Asia. Julian has 30 years industry experience. He joined Barings' asset management business in 1989 and became finance director in 1997. Prior to that he worked as the group accountant of Baring Brothers Bank. He was previously with City based auditors Neville Russell. Julian has a degree in Economics from Leicester University and qualified as a chartered accountant in 1985.

### **James Cleary**

James Cleary (resident of Ireland) Mr Cleary is the principal of Cleary Consulting, a fund consultancy practice based in Ireland, since June 2002. He worked in public practice in London and Luxembourg focusing on the financial services sector from 1986 to 1990. He has focused directly in offshore fund management since 1990 and has established and managed fund management offices in Luxembourg and Toronto for State Street Bank from February 1990 to October 1993, as Finance Director of PFPC, Dublin from October 1993 to June 1997, and as Managing Director of SEI Investments, Dublin from June 1997 to June 2002. He has been a committee member of the Irish Funds Industry Association and a member of the Alternative Investment Management Association. He has written and lectured within the industry and is a director of a number of mutual fund companies and of a number of companies operating in the Ireland's International Financial Services Centre. He is a Fellow of the Chartered Association of Certified Accountants and received an MBA (cum laude) from the University of Limerick.

### **Timothy Bruce Schulze**

Timothy Bruce Schulze (American, born in 1974) is the Chief Risk Officer and Global Head of Risk Management for Barings LLC. Tim is responsible for global oversight of the firm's Enterprise Risk Management program, including the investment, counterparty and organizational risk functions. He presently sits on the board of directors of several of Barings' investment structures domiciled in Ireland and Luxembourg. Tim has worked in the industry since 2001. Prior to joining Barings LLC's predecessor (Babson Capital Management) in 2003, Tim spent two years as a participant in MassMutual's Executive Development Program. Tim holds a B.A. from the University of Colorado at Boulder and an M.B.A. from the University of Massachusetts Amherst. He holds the Chartered Financial Analyst, Financial Risk Manager and Professional Risk Manager designations and is a member of the CFA Institute, the Global Association of Risk Professionals and the Professional Risk Managers' International Association.



All of the above-named directors act in a non-executive capacity.

No Director of the Managers has: (i) any unspent convictions in relation to indictable offences; or (ii) been bankrupt or the subject of an involuntary arrangement, or has had a receiver appointed to any asset of such Director; or (iii) been a director of any company which, while he was a director with an executive function or within 12 months after he ceased to be a director with an executive function, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangements, or made any composition or arrangements with its creditors generally or with any class of its creditors; or (iv) been a partner of any partnership, which while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; (v) had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or (vi) been disqualified by a court from acting as a director or from acting in the management or conduct of affairs of any company.

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## Investment Policy: General

With the exception of the Baring International Bond Fund, it will not be a primary investment objective of any of the Funds to acquire assets that will produce a significant level of income.

Investors' attention is particularly drawn to the fact that the portfolio for each Fund may, in addition to any investments referred to below, include deposits, instruments with floating interest rates and short-term paper including treasury bills, certificates of deposit and bankers' acceptances and other ancillary liquid assets. The Managers do not expect to retain substantial amounts of assets in this form except if they consider such investments to be in the best interests of Unitholders.

A Fund may, within the limits laid down by the Central Bank purchase and sell equity index and equity related instruments including but not limited to Low Exercise Price Options (LEPO's), Optimised Portfolios as Listed Securities (OPALS), Performance Linked to Equity Securities (PERLES), share index notes, share index futures notes, participatory receipts and participatory certificates, each of which may assist in achieving the investment objective of the relevant Fund. Where utilised, LEPO's, OPALS and PERLES will be listed or traded on one or more of the stock exchanges or markets in which a Fund is permitted to invest, as set out in Appendix 1. These instruments shall in each case comprise transferable securities of the issuer, notwithstanding that their value is linked to an underlying equity or equity index. In practice, the relevant Fund will purchase such instruments from an issuer and the instrument will track the underlying equity or equity index. It should be noted that the relevant Fund's exposure in relation to these instruments will be to the issuer of the instruments. However, it will also have an economic exposure to the underlying securities themselves. Any LEPO purchased or sold by the relevant Fund will be exercisable at any time over the duration of its life and may be settled on a cash basis.

A Fund may use techniques and instruments other than those set out above in accordance with the requirements of the Central Bank and provided that a revised risk management process is submitted to and cleared in advance by the Central Bank. A Fund may also invest to a limited extent in exchange traded funds (ETFs) in accordance with the regulatory requirements established by the Central Bank for open-ended collective investment schemes. No more than 10% of the net assets of any Fund may be invested in other collective investment schemes.

There is no requirement under the Trust Deed for any minimum proportion of any of the Funds' assets to be invested, whether directly or indirectly, in the area specified under the relevant investment objective and policies for each Fund or in a particular mix of investments. A degree of investment outside the relevant area may, in exceptional circumstances, be considered desirable.

A Fund may invest in China A or China B securities provided that such investment is in accordance with the requirements of the Central Bank and the relevant regulatory authorities in the People's Republic of China. Unless otherwise specifically disclosed in the investment objectives and policies of a Fund, it is not intended that it will invest, whether directly or indirectly, more than 10% of its net assets in China A and B shares. At least one month's prior notice will be given to investors if the relevant Fund intends to invest more than 10% of its net assets in China A and B shares and the Prospectus will be updated accordingly.

Currently, foreign investors may only invest in China A shares and the PRC domestic securities market; (1) through quotas approved under the QFII Regulations; (2) through the Shanghai Hong Kong Stock Connect Scheme and Shenzhen Hong Kong Stock Connect Scheme (the "Connect Schemes"); or (3) as a strategic investor under applicable PRC regulations. Foreign investors may invest in China B shares directly. It is anticipated that a Funds' exposure to China A shares listed on the Shanghai Stock Exchange ("SSE") and Shenzhen Stock Exchange ("SZSE") may be obtained directly via the Connect Schemes and exposure to China A Shares listed on other exchanges and China B shares will be obtained through indirect exposure through investment in other eligible collective investment schemes or participation notes and details of any such investment is set out in the relevant Supplement for a Fund. Details of the risks associated with investment in China A or China B securities is set out under the heading "Risk Factors –Investment in China" and specific risk factors regarding investment directly in

China A shares via the Connect Schemes is set out under the heading 'Risk Factors- Investment via the Connect Schemes'. Further details on the Connect Schemes are set out below.

The Shanghai Hong Kong Stock Connect Scheme is a securities trading and clearing linked programme developed by the Stock Exchange of Hong Kong ("SEHK"), Hong Kong Exchanges and Clearing Limited ("HKEx"), SSE and China Securities Depository and Clearing Corporation Limited ("ChinaClear") and the Shenzhen Hong Kong Stock Connect Scheme is a securities trading and clearing linked programme developed by SEHK, HKEx and the SZSE and ChinaClear. The aim of the Connect Schemes is to achieve mutual stock market access between mainland China and Hong Kong.

The Shanghai Hong Kong Stock Connect Scheme enables Hong Kong and overseas investors, to invest in China A shares listed in the SSE ("SSE Securities") through their Hong Kong brokers and a securities trading service company established by SEHK using the Northbound Shanghai Trading Link. Under the Northbound Shanghai Trading Link, investors, through their Hong Kong brokers and a securities trading service company established by the SEHK, may be able to trade SSE Securities, listed on the SSE, subject to the rules of the Shanghai Hong Kong Stock Connect Scheme. SSE Securities, as of the date of this Prospectus, include shares listed on the SSE that are (a) constituent stocks of SSE 180 Index; (b) constituent stocks of SSE 380 Index; (c) China A shares listed on the SSE that are not constituent stocks of the SSE 180 Index or SSE 380 Index but which have corresponding China H shares accepted for listing and trading on SEHK, provided that: (i) they are not traded on the SSE in currencies other than RMB (ii) they are not under risk alert. SEHK may include or exclude securities as SSE Securities and may change the eligibility of shares for trading on the Northbound Shanghai Trading Link.

The Shenzhen Hong Kong Stock Connect enables Hong Kong and overseas investors, to invest in China A shares listed in the SZSE ("SZSE Securities") through their Hong Kong brokers and a securities trading service company established by SEHK using the Northbound Shenzhen Trading Link. Under the Northbound Shenzhen Trading Link, through their Hong Kong brokers and a securities trading service company established by SEHK, may be able to trade SZSE Securities, listed on the SZSE, subject to the rules of the Shenzhen Hong Kong Stock Connect Scheme. SZSE Securities, as of the date of this Highlights, include (a) all the constituent stocks of the SZSE Component Index and SZSE Small/Mid Cap Innovation Index which has a market capitalisation of not less than RMB 6 billion, and (b) China A shares listed on the SZSE which have corresponding China H shares accepted for listing and trading on SEHK, provided that: (i) they are not traded on the SZSE in currencies other than RMB (ii) they are not under risk alert or under delisting arrangement.

At the initial stage of the Shenzhen Hong Kong Stock Connect, investors eligible to trade shares that are listed on the ChiNext Board under Northbound trading will be limited to institutional professional investors (which the Funds will qualify as such) as defined in the relevant Hong Kong rules and regulations.

SEHK may include or exclude securities as SZSE Securities and may change the eligibility of shares for trading on the Northbound Shenzhen Trading Link.

Under the Connect Schemes, the Hong Kong Securities Clearing Company Limited ("HKSCC"), a wholly-owned subsidiary of HKEx, will be responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors.

The formation of the investment policy for each Fund and any changes to such policy in the light of political and/or economic conditions is the responsibility of the Managers who may, subject to the Trust Deed, change the investment policy for any Fund accordingly. The Trust Deed does not restrict investment policy or the investment of the Unit Trust's assets save as described in Appendix I. The Managers will not, however, change the investment objective or make any material change to the investment policy of a Fund except with the prior approval of Unitholders with the sanction of an Extraordinary Resolution of Unitholders of the relevant Fund and with the prior approval of the Central Bank. A change would be material if, were it to be made, would alter significantly the asset type, credit quality, borrowing limits or risk profile of the relevant Fund. In the event of a change in investment objective and/or a material change in investment policy, a reasonable notification period of at least a month will be provided by the Managers to enable Unitholders to redeem their Units prior to implementation of these changes.

Where the investment policy of a Fund requires a particular percentage of that Fund to be invested in a specific type or range of investments, such requirement will not apply under extraordinary market conditions, in which circumstances investment may be made into asset classes other than those in which the Fund is normally invested in order to mitigate the Fund's exposure to market risk. Examples of extraordinary market conditions include economic conditions, political risks or world events, high downside risks during uncertainties, or closure of relevant market(s) due to unexpected events, such as political unrest, war or bankruptcy of large financial institutions. During such periods, a Fund may temporarily invest up to 100% of its total assets in cash, deposits, treasury bills, government bonds or short-term Money Market Instruments or have substantial holdings in cash and cash equivalents.

## Investment in Derivatives

The Managers or their delegate shall, in respect of and for the benefit of each Fund, have the power to employ Financial Derivative Instruments ("FDI") techniques and instruments for the purposes of investment and efficient portfolio management, in each case subject to the limits laid down by the Central Bank and in accordance with the UCITS Regulations. These FDI techniques and instruments may include, but are not limited to, warrants, exchange traded futures and options, forward currency contracts, swap agreements, contracts for differences, index-linked notes and share and commodity index futures contracts. Where a Fund intends to employ FDI techniques and instruments, it will be disclosed in the investment policies of the relevant Fund. In the event that a Fund changes its investment policy (any material change to investment policy shall only be made with the approval of Unitholders on the basis of an Extraordinary Resolution of Unitholders at a general meeting of the Unitholders of the relevant Fund) in a manner which alters how it may invest in derivative techniques and instruments, the Managers will submit to and obtain clearance from the Central Bank of a revised risk management process. Investment in derivative techniques and instruments will only be made if provisions for such instruments have been made in the risk management process and cleared by the Central Bank.

The underlying exposure to financial derivative instruments in each case may relate to transferable securities, collective investment schemes (including ETFs), money market instruments, stock or commodity indices, foreign exchange rates and currencies.

Efficient portfolio management is considered to be an investment management technique used (1) for the reduction of risk; (2) for the reduction of cost with no increase or a minimal increase in risk; and (3) use of instruments for the generation of additional capital or income with no increase, or a minimal increase in risk. For each Fund, any risk associated with efficient portfolio management techniques will remain consistent with the risk profile of the Fund.

Any direct operational costs and/or fees which arise as a result of the use of efficient portfolio management techniques which may be deducted from the revenue delivered to the Fund shall be at normal commercial rates and shall not include any hidden revenue. Such direct costs and fees will be paid to the relevant counterparty of the transaction. All revenues generated through the use of efficient portfolio management techniques, net of direct operational costs and fees, will be returned to the Fund. The counterparties to the relevant transaction will not be related to the Managers but may be related to the Depositary and under such circumstances, will be effected on normal commercial terms and registered on an arm's length basis.

Information on the revenues generated under such transactions shall be disclosed in the annual and semi-annual reports of the Unit Trust, along with entities to whom direct and indirect operational costs and fees relating to such transactions are paid. Such entities may include the Managers, the Depositary or entities related to the Managers or Depositary.

The Investment Manager may decide not to use any of these instruments or strategies. In addition, the Investment Manager may decide to use instruments other than those listed above, in accordance with the requirements of the Central Bank. Outlined below is a description of the various instruments which may be used:

A Fund may sell futures on securities, indices, currencies or interest rates to provide an efficient, liquid and effective method for the management of risks by "locking in" gains and/or protecting against future declines in value. A Fund may also buy futures on securities, currencies or interest rates to take a position in securities. A Fund may also buy or sell stock index futures as a method to equalise significant cash positions in the Fund. The Managers will ensure that any underlying commodity index in which a Fund may invest will comply with the regulatory requirements established by the Central Bank.

A Fund may utilise options (including equity index options, options on futures and options on swaps) to increase its current return by writing covered call options and put options on securities it owns or in which it may invest. A Fund receives a premium from writing a call or put option, which increases the return if the option expires unexercised or is closed out at a net profit. If the Fund writes a call option, it gives up the opportunity to profit from any increase in the price of a security above the exercise price of the option; when it writes a put option, the Fund takes the risk that it will be required to purchase a security from the option holder at a price above the current market price of the security. A Fund may terminate an option that it has written prior to its expiration by entering into a closing purchase transaction in which it purchases an option having the same terms as the option written. A Fund may also write put-options on currencies to protect against exchange risks.

A Fund may purchase put options (including equity index options, options on futures and options on swaps) to provide an efficient, liquid and effective mechanism for "locking in" gains and/or protecting against future declines in value on securities that it owns. This allows the Fund to benefit from future gains in the value of a security without the risk of the fall in value of the security. A Fund may also purchase call options (including equity index options and options on futures) to provide an efficient, liquid and effective mechanism for taking position in securities. This allows the Fund to benefit from future gains in the value of a security without the need to purchase and hold the security.

Foreign exchange transactions and other currency contracts may also be used to provide protection against exchange risks or to actively overlay currency views (i.e. to establish positions in a currency different from the base currency which are expected to generate a positive return in base currency terms) onto the Funds currency exposure resulting from investing in foreign markets. Such contracts may, at the discretion of the Investment Manager be used to hedge some or all of the exchange risk/currency risk arising as a result of the fluctuation between the denominated currency of the Fund and the currencies in which the Fund's investments are denominated or to pursue an active currency overlay strategy.

A Fund may also utilise non-deliverable forwards. A non-deliverable forward is a bilateral financial futures contract on an exchange rate between a strong currency and an emerging currency. At maturity, there will be no delivery of the emerging currency; instead there is a cash settlement of the contract's financial result in the strong currency.

A Fund may (but is not obliged to) enter into certain currency related transactions in order to hedge the currency exposure of the assets of a Fund attributable to a particular Class into the currency of denomination of the relevant Class. Any financial instruments used to implement such strategies with respect to one or more Class shall be assets/liabilities of a Fund as a whole but will be attributable to the relevant Class(es) and the gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant Class. Any currency exposure of a Class may not be combined with or offset against that of any other Class of a Fund. The currency exposure of the assets attributable to a Class may not be allocated to other Classes. It is not the intention to over-hedge or under-hedge positions, but this may occur due to factors outside the control of the Fund. Over-hedged positions will not exceed more than 105% of the Net Asset Value of the Class and under-hedged positions will not fall below 95% of the Net Asset Value of the Class. Hedged positions will be kept under review by the Investment Manager to ensure that over-hedged positions of any hedged Class do not exceed 105% of the Net Asset Value of such a Class and that such positions in excess of 100% nor under-hedged positions of any hedged Class do not fall below 95% of the Net Asset Value of such a Class and that such positions below 100% will not be carried forward from month to month. Investors should be aware that this strategy may substantially limit or eliminate the benefit to Unitholders of the Hedged Classes if there is a decline in the value of the relevant Unit Class exchange rate against the US Dollar and/or the currency/currencies in which the assets of the Fund are denominated, but the Managers offer no guarantees that the strategy will be successful in completely eliminating the effects of adverse changes in exchange rates. Unitholders in the Hedged Classes will also bear the costs of currency hedging operations and the gains/losses associated with any hedging strategy will be attributed only to the specific Hedged Class.

A Fund may enter into swap agreements (including total return swaps and contracts for differences) with respect to currencies, interest rates and securities. A Fund may use these techniques to protect against changes in interest rates and currency exchange rates. A Fund may also use these techniques to take positions in or protect against changes in securities indices and specific securities prices. The reference obligation of a total return swap may be any security or other investment in which the relevant Fund is permitted to invest in accordance with its investment objective and policies. The use of total return swaps may expose a Fund to the risks disclosed under the heading "*Risk Factors*" - "*Risks associated with Securities Financing Transactions*".

In respect of currencies, a Fund may utilise currency swap contracts where the Fund may exchange currencies at a fixed rate of exchange for currencies at a floating rate of exchange or currencies at a floating rate of exchange for currencies at a fixed rate of exchange. These contracts allow a Fund to manage its exposures to currencies in which it holds investment. For these instruments the Fund's return is based on the movement of currency exchange rates relative to a fixed currency amount agreed by the parties.

In respect of interest rates, a Fund may utilise interest rate swap contracts where the Fund may exchange floating interest rate cash flows for fixed interest rate cash flows or fixed interest rate cash flows for floating interest rate cash flows. These contracts allow a Fund to manage its interest rate exposures. For these instruments the Fund's return is based on the movement of interest rates relative to a fixed rate agreed by the parties.

In respect of securities and securities indices, a Fund may utilise total return swap contracts where the Fund may exchange floating interest rate cash flows for fixed cash flows based on the total return of an equity or fixed income instrument or a securities index or fixed cash flow based on total return of an equity or fixed income instrument or a securities index for floating interest rate cash flows. These contracts allow a Fund to manage its exposures to certain securities or securities indexes. For these instruments the Fund's return is based on the movement of interest rates relative to the return on the relevant security or index. Details in respect of the counterparties to such swap contracts are set out below. The counterparties to such swap contracts will not have any discretion over the portfolio of any Fund or over the underlying exposures and counterparty approval will not be required for any portfolio transaction of a Fund.

The Funds may engage in total return swaps. Further information on the rationale for using total return swaps is provided above in the section "*Investment in Derivatives*". The maximum exposure of a Fund in respect of total return swaps shall be a maximum gross exposure of 200%. However, the Investment Manager anticipates that a Fund's exposure to total return swaps is likely to remain within the range specified in the table below.

Fund Name	Exposure calculated using the sum of the notionals
Baring ASEAN Frontiers Fund	0%-10% of the Net Asset Value of the Fund
Baring Asia Growth Fund	0%-10% of the Net Asset Value of the Fund
Baring Australia Fund	0%-10% of the Net Asset Value of the Fund
Baring Europa Fund	0%-10% of the Net Asset Value of the Fund
Baring Hong Kong China Fund	0%-10% of the Net Asset Value of the Fund
Baring International Bond Fund	0%-70% of the Net Asset Value of the Fund

The Funds may engage in securities financing transactions (stocklending arrangements and repurchase/ reverse repurchase agreements, “SFTs”) for efficient portfolio management purposes, in which case further details will be set out under “Investment Objectives and Policies”. Unless otherwise stated in the investment policy of a Fund, the types of assets that will be subject to securities financing transactions will be equity securities, and the underlying asset of a total return swap will be an equity or fixed income instrument or an equity or fixed income index.

### Counterparty Procedures

The Investment Manager’s Counterparty Credit Committee (“CCC”) approves the counterparties used for dealing, establishes counterparty credit limits for them and monitors them on an on-going basis.

In order to establish a relationship with a counterparty, credit ratings for the proposed counterparty are obtained from industry leading rating suppliers. At present, the Investment Manager principally uses S&P, Fitch, Moody’s or Dun & Bradstreet. This is reviewed by the CCC as part of the authorisation process which also insists mutually agreed terms and conditions be put in place. The key criteria reviewed by the CCC are the structure, management, financial strength, internal controls and general reputation of the counterparty in question, as well as the legal, regulatory and political environment in the relevant markets. These counterparties are then constantly monitored using information from share price movements and other market information. Counterparty exposure is recorded daily and monitored and reported to the CCC.

Any broker counterparty must be authorised and regulated by the FCA or other appropriate national regulator. Each broker counterparty will also be subject to the following:

- Best Execution – the broker counterparty is monitored and ranked through an established third party analytical system to optimise trading strategies
- Operational efficiency – Investment Managers’ dealers rank brokers according to quality of their service.

For each trade, best execution overrides any other consideration and the Investment Manager is not permitted to direct trades.

Please refer to the table of risk factors under the heading “Risk Factors” in the Prospectus for the counterparty risks that apply to the Funds.

A Fund may also seek exposure to some or all of the assets referred to in the investment policy section of each Fund by obtaining exposure to financial indices, such as through futures or swaps on financial indices which will comply with the requirements in the Central Bank UCITS Regulations. Such indices may include, but are not limited to, the FTSE China A50 (rebalanced on a quarterly basis), FTSE Bursa Malaysia KLCI (rebalanced on a semi-annual basis), MSCI Taiwan Index (rebalanced on a quarterly basis), S&P 500 Index (rebalanced on a quarterly basis). Indices which are rebalanced on a daily basis will not be utilised. The costs associated with gaining exposure to a financial index can be impacted by the frequency with which the relevant index is rebalanced. Details of any financial indices held by a Fund will be provided to Unitholders by the Investment Manager upon request and will be set out in the semi-annual and annual accounts of the Unit Trust. Where the weighting of a particular constituent in the relevant index exceeds the UCITS investment restrictions, the Investment Manager will as a priority objective look to remedy the situation, taking into account the interests of Unitholders and the relevant Fund.

A Fund may purchase warrants to provide an efficient, liquid mechanism for taking position in securities without the need to purchase and hold the security.

Subject to the conditions and limits set out in the Regulations, a Fund may use repurchase agreements, reverse repurchase agreements and/or stocklending agreements for efficient portfolio management, i.e. to generate additional income for the Fund. Repurchase agreements are transactions in which one party sells a security to the

other party with a simultaneous agreement to repurchase the security at a fixed future date at a stipulated price reflecting a market rate of interest unrelated to the coupon rate of the securities. A reverse repurchase agreement is a transaction whereby a Fund purchases securities from a counterparty and simultaneously commits to resell the securities to the counterparty at an agreed upon date and price. A stocklending agreement is an agreement under which title to the “loaned” securities is transferred by a “lender” to a “borrower” with the borrower contracting to deliver “equivalent securities” to the lender at a later date. As of the date of this Prospectus, it is not proposed to use repurchase agreements, reverse repurchase agreements or engage in stocklending on behalf of any Fund. In the event that a Fund does propose to utilise such techniques and instruments, Unitholders will be notified and the Prospectus will be revised in accordance with the requirements of the Central Bank.

Each Fund will employ a risk management process which enables it to accurately measure, monitor and manage the various risk associated with derivatives. Investors may obtain on request information relating to the quantitative limits applying in the risk management of the Fund, the risk management methods which are used in relation to the Fund and any recent developments in the risk and yields of the main categories of investments held in the Fund.

### Collateral Management

In accordance with the requirements of the Central Bank the Investment Manager will employ a collateral management policy for and on behalf of the Unit Trust and each Fund in respect of collateral received in respect of OTC financial derivative transactions whether used for investment or for efficient portfolio management purposes. Any collateral received by the Depositary for and on behalf of a Fund on a title transfer basis shall be held by the Depositary. For other types of collateral arrangements, the collateral may be held with a third party custodian which is subject to prudential supervision and which is unrelated to the collateral provider.

The collateral management policy employed by the Investment Manager in respect of the Funds arising from OTC financial derivative transactions provides that cash and highly liquid assets which meet with the regulatory criteria (as disclosed in the risk management process) in respect of valuation, issue credit quality, correlation and collateral diversification will be permitted collateral for each proposed financial derivative transaction. The collateral policy operated by the Investment Manager will set appropriate levels of collateral required by the Investment Manager in respect of derivative transactions. The Investment Manager will also employ a clear haircut policy (i.e. a policy in which a pre-determined percentage will be subtracted from the market value of an asset that is being used as collateral) for each class of assets received as collateral taking account of the characteristics of the assets received as collateral such as the credit standing or the price volatility and the outcome of any liquidity stress testing policy.

The Investment Manager on behalf of the relevant Fund shall not sell, pledge or re-invest any non-cash collateral received by the relevant Fund

Any cash collateral received for and on behalf of the Fund may be invested in any of the following:

- (i) deposits with relevant institutions (as defined in the Central Bank UCITS Regulations);
- (ii) high quality government bonds;
- (iii) reverse repurchase agreements provided that the transactions are with credit institutions subject to prudential supervision and the UCITS is able to recall at any time the full amount of cash on an accrued basis;
- (iv) short term money market funds as defined in the ESMA Guidelines on a Common Definition of European Money Market Funds (ref CESR/10-049).

Invested cash collateral will be diversified in accordance with the diversification requirements applicable to non-cash collateral and may not be placed on deposit with the counterparty.

In circumstances where a Fund receives collateral for at least 30% of its assets, the Investment Manager will employ an appropriate stress testing policy to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Investment Manager to assess the liquidity risk attached to the collateral. The liquidity stress testing policy shall be disclosed in the risk management process employed by the Investment Manager.

### *Valuation of collateral*

Collateral that is received by a Fund will be valued on at least a daily basis and assets that exhibit high price volatility will not be accepted as collateral unless suitably conservative haircuts are in place. The non-cash collateral received by a Fund will be at mark to market given the required liquid nature of the collateral.

### *Safe-keeping of collateral received by a Fund*

Collateral received by a Fund on a title transfer basis shall be held by the Depositary or a duly appointed sub-depositary of the Depositary. For other types of collateral arrangements, the collateral can be held by the

Depository, a duly appointed sub-depositary of the Depository or by a third party custodian which is subject to prudential supervision and which is unrelated to the provider of the collateral.

## *Posting of collateral by a Fund*

Collateral provided by a Fund to a counterparty shall be agreed with the relevant counterparty and may comprise of cash or any types of assets held by the relevant Fund in accordance with its investment objective and policies and shall, where applicable, comply with the requirements of EMIR. Collateral may be transferred by a Fund to a counterparty on a title transfer basis where the assets are passed outside of the custody network and are no longer held by the Depository or its sub-depositary. In such circumstances, subject to the requirements of SFTR, the counterparty to the transaction may use those assets in its absolute discretion. Where collateral is posted by a Fund to a counterparty under a security collateral arrangement where title to the relevant securities remains with the relevant Fund, such collateral must be safe-kept by the Depository or its sub-depositary, however, subject to the requirements of SFTR, such assets may be subject to a right of re-use by the counterparty. Risks associated with re-use of collateral are set down in “*Risk Factors: Operational Risk linked to Management of Collateral*”.

As set out under the heading “Investment in Derivatives” above, a Fund may engage in total return swaps.

The Investment Manager does not anticipate that the Fund’s exposure to total return swaps will exceed 70% of the Net Asset Value. The maximum exposure of the Fund in respect of total return swaps shall be 200% of the Net Asset Value. Higher levels of exposure in respect to total return swaps may be encountered, for example, where exposures within the total return swaps are netting or hedging other investments within the relevant Fund. The collateral supporting such transactions will be valued daily at mark-to-market prices and daily variation margin used if the value of collateral falls below coverage requirements.

In respect of total return swaps, a counterparty selected will be either an investment firm, authorised in accordance with the EU MiFID Directive (2004/39/EC) or a group company of an entity issued with a bank holding company licence from the Federal Reserve of the United States of America where that group company is subject to bank holding company consolidated supervision by that Federal Reserve or an “Approved Credit Institution”. An Approved Credit Institution is:

- (i) a credit institution authorised in the EEA; or
- (ii) a credit institution authorised within a signatory state, other than a Member State of the EEA, to the Basle Capital Convergence Agreement of July 1988 (Switzerland, Canada, Japan, United States); or
- (iii) a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.

Details of the counterparty selection procedures used by the Investment Manager are set out above under the heading “*Counterparty Procedures*”. In respect of OTC derivatives all counterparties will be investment grade which are counterparties rated BBB- or better by Standard & Poors or another internationally recognised rating agency or which are, in the opinion of the Managers, of similar credit status.

In respect of total return swaps, collateral received other than cash, will be highly liquid and trade on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received will be issued by an entity that is independent from the counterparty and is not expected to display a high correlation with the performance of the counterparty. Collateral will be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer of 20% of the relevant Fund’s Net Asset Value. If the Fund’s exposed to different counterparties, the different baskets of collateral will be aggregated to calculate the 20% limit of exposure to a single issuer. Furthermore, the relevant Fund may be fully collateralised in different transferable securities and Money Market Instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member State belongs, as set out in Appendix 1 of the Prospectus. Where assets subject to Securities Financing Regulation (Regulation (EU) 2015/2365) including total return swaps are received by a Fund they will be safe-kept by the Depository.

## *Collateral*

In accordance with the requirements of the Central Bank, the Investment Manager employs a collateral management policy in respect of the Fund in relation to collateral received in respect of OTC financial derivative transactions whether used for investment or for efficient portfolio management purposes. Details of the collateral management policy including details of how collateral is safekept, acceptable collateral, diversification, correlation requirements and restrictions on re-use and haircut policy are set out under the heading “*Collateral Management*” above.

Investors should consult the “Risk Factors” section in this Prospectus for information on counterparty risk, credit risk and risks associated with securities financing transactions.

## **Investment Objectives and Policies**

The investment objectives and policies applicable to each Fund are set out below. The investment restrictions which apply to each Fund are set out in Appendix I.

### **Baring ASEAN Frontiers Fund**

The investment objective of the Fund is to achieve long-term capital growth in the value of assets by investing in companies in Asia which the Managers believe will benefit from the economic growth and development of the region.

The Fund will seek to achieve its investment objective by investing at least 70% of its total assets at any one time in equities and equity-related securities of companies incorporated in, or exercising the predominant part of their economic activity in, countries which are members of the Association of South-East Asian Nations (ASEAN) or quoted or traded on the stock exchanges in those countries. The members of ASEAN include (but not to be limited to) Singapore, Thailand, the Philippines, Malaysia, Indonesia and Vietnam. A description of equity-related securities is described under the section headed "Investment Policy: General". For this purpose, total assets exclude cash and ancillary liquidities.

The Fund may also invest up to 30% of its total assets, either directly or through depositary receipts, in equities and equity-related securities of companies that are (i) incorporated, or (ii) exercising the predominant part of their economic activity, or (iii) quoted or traded on the stock exchanges, in (a) other markets in the Asia Pacific region including, but not limited to, Korea, Hong Kong, China, Taiwan, India, Australia, New Zealand, Pakistan, Sri Lanka and Bangladesh but excluding Japan, or (b) other markets which the Managers believe would have the potential to benefit from the economic growth and development from the Asia Pacific region excluding Japan, when and if they consider it appropriate.

The Fund may also invest in collective investment schemes in accordance with the requirements of the Central Bank up to a maximum of 10% of the Net Asset Value of the Fund.

With regard to investment in China, no more than 10% of the Net Asset Value of the Fund at any one time may be invested directly or indirectly in China A Shares and B Shares. It is anticipated that this exposure will be obtained either directly through investment in China A Shares listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange via the Connect Schemes (as further described in the section of the Prospectus entitled 'Investment Policies: General') or indirectly through investment in other eligible collective investment schemes or participation notes.

The Fund may invest in various FDIs as detailed under the section headed "Investment Policy: General" for investment purposes or for efficient portfolio management in accordance with the requirements of the Central Bank.

### *Strategy*

The Investment Manager believes that equity markets contain unrecognised growth potential and seeks to identify this through the analysis of a company's business model whilst incorporating wider economic and social governance trends, often referred to as fundamental analysis. Equity investment teams at the Investment Manager share a common investment approach, best described as Growth at a Reasonable Price (GARP).

GARP seeks to identify reasonably priced growth companies whose qualities are unrecognised by market participants by performing structured fundamental analysis with a disciplined investment process. Based on the region, country or sector bias of a Fund, analysis of potential growth companies' includes their future financial performance as well as their business model and management style, while focussing on long-term earnings growth of three to five years.

The Investment Manager's strategy favours companies with well-established or improving business franchises, profitability focused management and strong balance sheets that enable the company to execute its business strategy. The Investment Manager regards these companies as higher quality as they provide transparency and allow investment professionals to forecast earnings with greater confidence. This allows the investment manager to offer funds which should exhibit lower volatility over time.

### *Leverage and Value at Risk*

When derivatives are used the Fund will be leveraged through the leverage inherent in the use of derivatives. Although the Fund can use derivatives they will not be used extensively for investment purposes.



- When leverage is calculated as the sum of the notional values of all of the derivatives used, as prescribed by the Central Bank UCITS Regulations, the level of the Fund's leverage is expected to vary between 0% and 10% of its Net Asset Value.
- Leverage may vary over time and higher leverage levels are possible, in particular during periods of significant net subscriptions or redemptions into the Fund where futures would be used for exposure management. In such circumstances, leverage, when calculated as the sum of the notional values of all of the derivatives used, is not expected to exceed 25% of the Fund's Net Asset Value at any time.

In order to measure market risk volatility the Fund will use a relative "Value at Risk" methodology ("VaR") which is an advanced risk measurement methodology. The VaR approach is a measure of the maximum potential loss due to market risk rather than leverage. More particularly, the VaR approach measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions. The VaR of the Fund will not be greater than twice the VaR of the Fund's reference portfolio. The reference portfolio for the purpose of the Fund's relative VaR calculation is the MSCI South East Asia Index. The VaR for the Fund will be calculated daily using the Monte Carlo approach, one-tailed 99% confidence level, a 10 day holding period and a one year historical observation period with an 11 day half-life. The Fund shall, at all times, comply with the limits on levels of market risk measured through the use of the Value at Risk methodology as set out above.

### *Profile of a Typical Investor*

The Fund is considered to be suitable for investors seeking capital growth over a medium to long term investment horizon and who understand and are prepared to accept that the value of the Fund may rise and fall more frequently and to a greater extent than other types of investment. This typically means a minimum time horizon of 5 years but can be less depending on individual risk profiles.

### **Baring Asia Growth Fund**

The investment objective of the Fund is to achieve long-term capital growth in the value of assets by investing in Asia and the Pacific region excluding Japan.

The Fund will seek to achieve its investment objective by investing at least 70% of its total assets in equities and equity-related securities of companies incorporated in, or exercising the predominant part of their economic activity in the Asia Pacific region excluding Japan, or quoted or traded on the stock exchanges in those countries, including developed and emerging markets. For this purpose, total assets exclude cash and ancillary liquidities.

For the remainder of its total assets, the Fund may invest outside the Asia Pacific region (excluding Japan) as well as in fixed income and cash.

While the Fund will aim to diversify its investments, allocation to certain countries, industries or sectors may be more than 30% of its total assets depending on the Investment Manager's assessment at different times.

In order to implement the investment policy the Fund may gain exposure through American depositary receipts, global depositary receipts and other equity related securities including participation notes, structured notes, equity-linked notes and debt securities convertible into equities which will satisfy the criteria for transferable securities as set out in the Central Bank's UCITS Regulations. The Fund may also invest in collective investment schemes in accordance with the requirements of the Central Bank up to a maximum of 10% of the Net Asset Value of the Fund. The Fund may invest in FDIs including futures, options, warrants and forward contracts for efficient portfolio management and for investment purposes.

With regard to investment in China, no more than 10% of the Net Asset Value of the Fund at any one time may be invested directly or indirectly in China A Shares and B Shares. It is anticipated that this exposure will be obtained either directly through investment in China A Shares listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange via the Connect schemes (as further described in the section of the Prospectus entitled 'Investment Policies; General') or indirectly through investment in other eligible collective investment schemes or participation notes. Participation notes may be used to gain access to the equity markets in China and Vietnam.

### *Strategy*

The Investment Manager believes that equity markets contain unrecognised growth potential and seeks to identify this through the analysis of a company's business model whilst incorporating wider economic and social governance trends, often referred to as fundamental analysis. Equity investment teams at the Investment Manager share a common investment approach, best described as Growth at a Reasonable Price (GARP).

GARP seeks to identify reasonably priced growth companies whose qualities are unrecognised by market participants by performing structured fundamental analysis with a disciplined investment process. Based on the region, country or sector bias of a Fund, analysis of potential growth companies' includes their future financial performance as well as their business model and management style, while focussing on long-term earnings growth of three to five years.

The Investment Manager's strategy favours companies with well-established or improving business franchises, profitability focused management and strong balance sheets that enable the company to execute its business strategy. The Investment Manager regards these companies as higher quality as they provide transparency and allow investment professionals to forecast earnings with greater confidence. This allows the investment manager to offer funds which should exhibit lower volatility over time.

## *Leverage and Value at Risk*

When derivatives are used the Fund will be leveraged through the leverage inherent in the use of derivatives. Although the Fund can use derivatives they will not be used extensively for investment purposes.

- When leverage is calculated as the sum of the notional of all of the derivatives used, as prescribed by the Central Bank UCITS Regulations, the level of the Fund's leverage is expected to vary between 0% and 10% of its Net Asset Value.
- Leverage may vary over time and higher leverage levels are possible, in particular during periods of significant net subscriptions or redemptions into the Fund where futures would be used for exposure management. In such circumstances, leverage, when calculated as the sum of the notional of all of the derivatives used, is not expected to exceed 25% of the Fund's Net Asset Value at any time.

In order to measure market risk volatility the Fund will use a relative "Value at Risk" methodology ("VaR") which is an advanced risk measurement methodology. The VaR approach is a measure of the maximum potential loss due to market risk rather than leverage. More particularly, the VaR approach measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions. The VaR of the Fund will not be greater than twice the VaR of the Fund's reference portfolio. The reference portfolio for the purpose of the Fund's relative VaR calculation is the MSCI AC Asia ex Japan Index. The VaR for the Fund will be calculated daily using the Monte Carlo approach, one-tailed 99% confidence level, a 10 day holding period and a one year historical observation period with an 11 day half-life. The Fund shall, at all times, comply with the limits on levels of market risk measured through the use of the Value at Risk methodology as set out above.

## *Profile of a Typical Investor*

The Fund is considered to be suitable for investors seeking capital growth over a medium to long term investment horizon and who understand and are prepared to accept that the value of the Fund may rise and fall more frequently and to a greater extent than other types of investment. This typically means a minimum time horizon of 5 years but can be less depending on individual risk profiles.

## **Baring Australia Fund**

The investment objective of the Fund is to achieve long-term capital growth in the value of assets by investing in Australia.

The Fund will seek to achieve its investment objective by investing at least 70% of its total assets at any one time in equities and equity-related securities of companies incorporated in, or exercising the predominant part of their economic activity in Australia, or quoted or traded on the stock exchanges in Australia. A description of equity-related securities is described under the section headed "Investment Policy: General". For this purpose, total assets exclude cash and ancillary liquidities.

The Fund may also invest up to 30% of its total assets, either directly or through depositary receipts, in equities and equity-related securities of companies that are (i) incorporated, or (ii) exercising the predominant part of their economic activity, or (iii) quoted or traded on the stock exchanges, in (a) markets other than Australia in the Asia Pacific region, or (b) other markets which the Managers believe would have the potential to benefit from the economic growth and development from the Asia Pacific region, when and if they consider it appropriate.

The Fund may also invest in collective investment schemes in accordance with the requirements of the Central Bank up to a maximum of 10% of the Net Asset Value of the Fund.

The Fund may invest in various FDIs as detailed under the section headed "Investment Policy: General" for investment purposes or for efficient portfolio management in accordance with the requirements of the Central Bank.

## *Strategy*

The Investment Manager believes that equity markets contain unrecognised growth potential and seeks to identify this through the analysis of a company's business model whilst incorporating wider economic and social governance trends, often referred to as fundamental analysis. Equity investment teams at the Investment Manager share a common investment approach, best described as Growth at a Reasonable Price (GARP).

GARP seeks to identify reasonably priced growth companies whose qualities are unrecognised by market participants by performing structured fundamental analysis with a disciplined investment process. Based on the

region, country or sector bias of a Fund, analysis of potential growth companies' includes their future financial performance as well as their business model and management style, while focussing on long-term earnings growth of three to five years.

The Investment Manager's strategy favours companies with well-established or improving business franchises, profitability focused management and strong balance sheets that enable the company to execute its business strategy. The Investment Manager regards these companies as higher quality as they provide transparency and allow investment professionals to forecast earnings with greater confidence. This allows the investment manager to offer funds which should exhibit lower volatility over time.

## *Leverage and Value at Risk*

When derivatives are used the Fund will be leveraged through the leverage inherent in the use of derivatives. Although the Fund can use derivatives they will not be used extensively for investment purposes.

- When leverage is calculated as the sum of the notionals of all of the derivatives used, as prescribed by the Central Bank UCITS Regulations, the level of the Fund's leverage is expected to vary between 0% and 10% of its Net Asset Value.
- Leverage may vary over time and higher leverage levels are possible, in particular during periods of significant net subscriptions or redemptions into the Fund where futures would be used for exposure management. In such circumstances, leverage, when calculated as the sum of the notionals of all of the derivatives used, is not expected to exceed 25% of the Fund's Net Asset Value at any time.

In order to measure market risk volatility the Fund will use a relative "Value at Risk" methodology ("VaR") which is an advanced risk measurement methodology. The VaR approach is a measure of the maximum potential loss due to market risk rather than leverage. More particularly, the VaR approach measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions. The VaR of the Fund will not be greater than twice the VaR of the Fund's reference portfolio. The reference portfolio for the purpose of the Fund's relative VaR calculation is the MSCI Australia 10/40 Index. The VaR for the Fund will be calculated daily using the Monte Carlo approach, one-tailed 99% confidence level, a 10 day holding period and a one year historical observation period with an 11 day half-life. The Fund shall, at all times, comply with the limits on levels of market risk measured through the use of the Value at Risk methodology as set out above.

## *Profile of a Typical Investor*

The Fund is considered to be suitable for investors seeking capital growth over a medium to long term investment horizon and who understand and are prepared to accept that the value of the Fund may rise and fall more frequently and to a greater extent than other types of investment. This typically means a minimum time horizon of 5 years but can be less depending on individual risk profiles.

## **Baring Europa Fund**

The investment objective of the Fund is to achieve long-term capital growth in the value of assets by investing in companies in Europe (including the United Kingdom).

The Fund will seek to achieve its investment objective by investing at least 70% of its total assets at any one time in equities and equity-related securities of companies incorporated in, or exercising the predominant part of their economic activity in, any European country (including the United Kingdom), or quoted or traded on the stock exchanges in those countries. Within Europe the portfolio will be balanced according to the Managers' assessment of investment prospects for individual countries. There is no limit to the proportion of the Fund which may be invested in any one country. A description of equity-related securities is described under the section headed "Investment Policy: General". For this purpose, total assets exclude cash and ancillary liquidities.

The Fund will invest on a continual basis at least 75% of its assets into qualifying securities (which include equity securities issued by companies where the head office is in the EU or an EEA Country (other than Liechtenstein) and subject to corporate income tax under normal conditions) in order for French investors to take advantage of the French PEA Savings Plan "PEA" (Plan d'Epargne en Actions equity savings plans).

The Fund may also invest in collective investment schemes in accordance with the requirements of the Central Bank up to a maximum of 10% of the Net Asset Value of the Fund.

The Fund may invest in various FDIs as detailed under the section headed "Investment Policy: General" for investment purposes or for efficient portfolio management in accordance with the requirements of the Central Bank.

## *Strategy*

The Investment Manager believes that equity markets contain unrecognised growth potential and seeks to identify this through the analysis of a company's business model whilst incorporating wider economic and social

governance trends, often referred to as fundamental analysis. Equity investment teams at the Investment Manager share a common investment approach, best described as Growth at a Reasonable Price (GARP).

GARP seeks to identify reasonably priced growth companies whose qualities are unrecognised by market participants by performing structured fundamental analysis with a disciplined investment process. Based on the region, country or sector bias of a Fund, analysis of potential growth companies' includes their future financial performance as well as their business model and management style, while focussing on long-term earnings growth of three to five years.

The Investment Manager's strategy favours companies with well-established or improving business franchises, profitability focused management and strong balance sheets that enable the company to execute its business strategy. The Investment Manager regards these companies as higher quality as they provide transparency and allow investment professionals to forecast earnings with greater confidence. This allows the investment manager to offer funds which should exhibit lower volatility over time.

### *Leverage and Value at Risk*

When derivatives are used the Fund will be leveraged through the leverage inherent in the use of derivatives. Although the Fund can use derivatives they will not be used extensively for investment purposes.

- When leverage is calculated as the sum of the notionals of all of the derivatives used, as prescribed by the Central Bank UCITS Regulations, the level of the Fund's leverage is expected to vary between 0% and 10% of its Net Asset Value.
- Leverage may vary over time and higher leverage levels are possible, in particular during periods of significant net subscriptions or redemptions into the Fund where futures would be used for exposure management. In such circumstances, leverage, when calculated as the sum of the notionals of all of the derivatives used, is not expected to exceed 25% of the Fund's Net Asset Value at any time.

In order to measure market risk volatility the Fund will use a relative "Value at Risk" methodology ("VaR") which is an advanced risk measurement methodology. The VaR approach is a measure of the maximum potential loss due to market risk rather than leverage. More particularly, the VaR approach measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions. The VaR of the Fund will not be greater than twice the VaR of the Fund's reference portfolio. The reference portfolio for the purpose of the Fund's relative VaR calculation is the MSCI Europe Index. The VaR for the Fund will be calculated daily using the Monte Carlo approach, one-tailed 99% confidence level, a 10 day holding period and a one year historical observation period with an 11 day half-life. The Fund shall, at all times, comply with the limits on levels of market risk measured through the use of the Value at Risk methodology as set out above.

### *Profile of a Typical Investor*

The Fund is considered to be suitable for investors seeking capital growth over a medium to long term investment horizon and who understand and are prepared to accept that the value of the Fund may rise and fall more frequently and to a greater extent than other types of investment. This typically means a minimum time horizon of 5 years but can be less depending on individual risk profiles.

## **Baring Hong Kong China Fund**

The investment objective of the Fund is to achieve long-term capital growth in the value of assets by investing in Hong Kong, China and Taiwan.

The Fund will seek to achieve its investment objective by investing at least 70% of its total assets at any one time, either directly in equities or through equity-related securities (including depositary receipts) of companies (i) incorporated, or (ii) exercising the predominant part of their economic activity, or (iii) quoted or traded on the stock exchanges in markets in Hong Kong or China. A description of equity-related securities is described under the section headed "Investment Policy: General". For this purpose, total assets exclude cash and ancillary liquidities.

The Investment Manager may also invest up to 30% of its total assets outside the fund's principal geographies (including but not limited to Taiwan), market sectors, currency or asset classes. With regard to investment in debt securities, the Fund does not have any specific restrictions or limits on the credit rating of the underlying debt securities.

The portfolio will be balanced according to the Managers' assessment of investment prospects but may, depending upon underlying investment conditions, emphasise investment in companies operating in those sectors of the Hong Kong or China economies that, in the Managers' opinion, provide the determinants for Hong Kong's or China's economic growth such as those involved in international trade, property and construction activity, engineering, electronics or the service sectors.

The Fund may also invest in collective investment schemes in accordance with the requirements of the Central Bank up to a maximum of 10% of the Net Asset Value of the Fund.

With regard to investment in China, no more than 10% of the Net Asset Value of the Fund at any one time may be invested directly or indirectly in China A Shares and B Shares. It is anticipated that this exposure will be obtained either directly through investment in China A Shares listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange via the Connect Schemes (as further described in the section of the Prospectus entitled 'Investment Policies; General') or indirectly through investment in other eligible collective investment schemes or participation notes.

The Fund may invest in various FDIs as detailed under the section headed "Investment Policy: General" for investment purposes or for efficient portfolio management in accordance with the requirements of the Central Bank.

## *Strategy*

The Investment Manager believes that equity markets contain unrecognised growth potential and seeks to identify this through the analysis of a company's business model whilst incorporating wider economic and social governance trends, often referred to as fundamental analysis. Equity investment teams at the Investment Manager share a common investment approach, best described as Growth at a Reasonable Price (GARP).

GARP seeks to identify reasonably priced growth companies whose qualities are unrecognised by market participants by performing structured fundamental analysis with a disciplined investment process. Based on the region, country or sector bias of a Fund, analysis of potential growth companies' includes their future financial performance as well as their business model and management style, while focussing on long-term earnings growth of three to five years.

The Investment Manager's strategy favours companies with well-established or improving business franchises, profitability focused management and strong balance sheets that enable the company to execute its business strategy. The Investment Manager regards these companies as higher quality as they provide transparency and allow investment professionals to forecast earnings with greater confidence. This allows the investment manager to offer funds which should exhibit lower volatility over time.

## *Leverage and Value at Risk*

When derivatives are used the Fund will be leveraged through the leverage inherent in the use of derivatives. Although the Fund can use derivatives they will not be used extensively for investment purposes.

- When leverage is calculated as the sum of the notionals of all of the derivatives used, as prescribed by the Central Bank UCITS Regulations, the level of the Fund's leverage is expected to vary between 0% and 10% of its Net Asset Value.
- Leverage may vary over time and higher leverage levels are possible, in particular during periods of significant net subscriptions or redemptions into the Fund where futures would be used for exposure management. In such circumstances, leverage, when calculated as the sum of the notionals of all of the derivatives used, is not expected to exceed 25% of the Fund's Net Asset Value at any time.

In order to measure market risk volatility the Fund will use a relative "Value at Risk" methodology ("VaR") which is an advanced risk measurement methodology. The VaR approach is a measure of the maximum potential loss due to market risk rather than leverage. More particularly, the VaR approach measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions. The VaR of the Fund will not be greater than twice the VaR of the Fund's reference portfolio. The reference portfolio for the purpose of the Fund's relative VaR calculation is the MSCI China Index. The VaR for the Fund will be calculated daily using the Monte Carlo approach, one-tailed 99% confidence level, a 10 day holding period and a one year historical observation period with an 11 day half-life. The Fund shall, at all times, comply with the limits on levels of market risk measured through the use of the Value at Risk methodology as set out above.

## *Profile of a Typical Investor*

The Fund is considered to be suitable for investors seeking capital growth over a medium to long term investment horizon and who understand and are prepared to accept that the value of the Fund may rise and fall more frequently and to a greater extent than other types of investment. This typically means a minimum time horizon of 5 years but can be less depending on individual risk profiles.

## **Baring International Bond Fund**

The investment objective of the Fund is to achieve an attractive level of income together with long-term growth in the value of assets by investing in a diversified portfolio of fixed interest securities.

The Fund will seek to achieve its investment objective by investing at least 70% of its total assets at any one time in an internationally diversified portfolio of both corporate and government fixed interest securities. The portfolio may also, from time to time, include securities with floating interest rates. For this purpose, total assets exclude cash and ancillary liquidities.

Fixed interest securities will predominately be rated A- or better by Standard & Poor's ("S&P") or another internationally recognised rating agency or which are, in the opinion of the Managers, of similar credit status, and floating rate securities should be rated AA- or better by S&P or another internationally recognised credit rating agency or which are, in opinion of the Managers, of similar credit status. Where a security is unrated by S&P, the rating will be that determined by the Investment Manager to be of comparable quality. No restriction on credit quality will apply to sovereign borrowers issuing in their own currency. However, the Fund is not expected to invest more than 10% of its net assets in securities issued and/or guaranteed by a single sovereign (including its government, a public or local government of that country) which is rated below investment grade by an internationally recognised rating agency. In the event of split rating, the highest credit rating accredited to the relevant sovereign issuer will be deemed the reference credit rating.

Subject to the percentage of the Fund's assets which may be invested in unlisted securities (see "Appendix I"), the Managers will only invest in securities that are traded on exchanges and markets which are regulated, operate regularly, are recognised and which are open to the public.

The Fund may also invest in collective investment schemes in accordance with the requirements of the Central Bank up to a maximum of 10% of the Net Asset Value of the Fund.

Although the Net Asset Value of the Fund is expressed in US dollars, the relative attraction of investments denominated in other currencies is a major consideration of the Managers.

The Fund may invest in various FDIs as detailed under the section headed "Investment Policy: General" for investment purposes or for efficient portfolio management in accordance with the requirements of the Central Bank.

## *Strategy*

The Fund seeks investment return by investing in bond markets where the Investment Manager believes yields are likely to fall and avoiding those that are thought to be expensive. The overall duration, or interest rate sensitivity, of the Fund will fluctuate as the Investment Manager's expectations for economic developments change, relative to the market. The Fund will also look to add value through foreign exchange management by taking active currency positions relative to the benchmark, identifying those markets where currencies are attractive, for example due to sound economic fundamentals such as strong GDP growth or rising interest rates.

## *Leverage and Value at Risk*

When derivatives are used the Fund will be leveraged through the leverage inherent in the use of derivatives. Although the Fund can use derivatives they will not be used extensively for investment purposes.

- When leverage is calculated as the sum of the notional of all of the derivatives used, as prescribed by the Central Bank UCITS Regulations, the level of the Fund's leverage is expected to vary between 0% and 70% of its Net Asset Value.
- Leverage may vary over time and higher leverage levels are possible, in particular during periods of significant net subscriptions or redemptions into the Fund where futures would be used for exposure management. In such circumstances, leverage, when calculated as the sum of the notional of all of the derivatives used, is not expected to exceed 100% of the Fund's Net Asset Value at any time.

In order to measure market risk volatility the Fund will use a relative "Value at Risk" methodology ("VaR") which is an advanced risk measurement methodology. The VaR approach is a measure of the maximum potential loss due to market risk rather than leverage. More particularly, the VaR approach measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions. The VaR of the Fund will not be greater than twice the VaR of the Fund's reference portfolio. The reference portfolio for the purpose of the Fund's relative VaR calculation is the Citigroup World Government Bond Index. The VaR for the Fund will be calculated daily using the Monte Carlo approach, one-tailed 99% confidence level, a 10 day holding period and a one year historical observation period with an 11 day half-life. The Fund shall, at all times, comply with the limits on levels of market risk measured through the use of the Value at Risk methodology as set out above.

## *Profile of a Typical Investor*

The Fund is considered to be suitable for investors seeking an attractive level of income together with capital growth over a medium to long term investment horizon and who understand and are prepared to accept that the value of the Fund may rise and fall more frequently and to a greater extent than other types of investment. This typically means a minimum time horizon of 5 years but can be less depending on individual risk profiles.

## Risk Factors

This section contains explanations of the key risks that apply to the Funds at the date of the Prospectus.

Not all risks apply to all Funds and the following table sets out the risks that, in the opinion of the Managers, could have a significant impact to the overall risk of the portfolio. Investors should be aware that in a changing environment the Funds may be exposed to risks that were not envisaged at the date of the Prospectus.

	Baring ASEAN Frontiers Fund	Baring Asia Growth Fund	Baring Australia Fund	Baring Europa Fund	Baring Hong Kong China Fund	Baring International Bond Fund
<b>GENERAL RISKS</b>						
General	✓	✓	✓	✓	✓	✓
Charges Deducted from Capital	✓	✓	✓	✓	✓	✓
Counterparty Risk	✓	✓	✓	✓	✓	✓
Credit Risk - General	✓	✓	✓	✓	✓	✓
Currency Risk	✓	✓	✓	✓	✓	✓
Cyber Security Risk	✓	✓	✓	✓	✓	✓
Fund Closure Risk	✓	✓	✓	✓	✓	✓
Inflation Risk	✓	✓	✓	✓	✓	✓
Investment in Europe - European Sovereign Debt Crisis	✓	✓	✓	✓	✓	✓
Volatility and Liquidity Risk	✓	✓	✓	✓	✓	✓
Market Disruption Risk	✓	✓	✓	✓	✓	✓
No Investment Guarantee	✓	✓	✓	✓	✓	✓
Potential Implications of BREXIT	✓	✓	✓	✓	✓	✓
Suspension of Trading	✓	✓	✓	✓	✓	✓
Taxation	✓	✓	✓	✓	✓	✓
Valuation Risk	✓	✓	✓	✓	✓	✓
<b>FUND SPECIFIC RISKS</b>						
Hedged Classes	✓	✓	✓	✓	✓	✓
Investment in Small Capitalisation / Mid- Capitalisation Companies	✓	✓	✓	✓	✓	
Investment in Specific Countries, Regions and Sectors	✓	✓	✓	✓	✓	
Investment via the Connect Schemes	✓	✓			✓	
Segregated Liability Risk	✓	✓	✓	✓	✓	✓
Investment in China	✓	✓			✓	
<b>EQUITY RISKS</b>						
Investment in Equities	✓	✓	✓	✓	✓	
<i>Equity-related Securities Risk</i>	✓	✓	✓	✓	✓	
<b>EMERGING MARKETS</b>						
Emerging Market Investments	✓	✓			✓	✓
<b>FIXED INCOME SECURITIES</b>						
Investment in Fixed Income Securities						✓
Credit Risk – Fixed Income						✓
Interest Rate Risk						✓
Downgrading Risk						✓
Zero Coupon Risk						✓
Sovereign Debt Risk						✓
Investment in Sub-Investment Grade Securities						✓
<b>DERIVATIVE TECHNIQUES AND INSTRUMENTS</b>						

## BARING INTERNATIONAL UMBRELLA FUND

Investment in Derivatives	✓	✓	✓	✓	✓	✓
Forward Foreign Exchange Transactions	✓	✓	✓	✓	✓	✓
Futures Contracts	✓	✓	✓	✓	✓	✓
Hedging Techniques	✓	✓	✓	✓	✓	✓
Leverage Risk	✓	✓	✓	✓	✓	✓
Over the Counter (OTC) Transactions	✓	✓	✓	✓	✓	✓
Options	✓	✓	✓	✓	✓	✓
Swaps	✓	✓	✓	✓	✓	✓
Securities Financing Transactions	✓	✓	✓	✓	✓	✓
Taxation	✓	✓	✓	✓	✓	✓
Legal Risks	✓	✓	✓	✓	✓	✓
Operational Risk linked to Management of Collateral	✓	✓	✓	✓	✓	✓



## **GENERAL RISKS**

### **General**

An investment in a Fund should be regarded as long-term in nature and only suitable for investors who understand the risks involved. An investment in one Fund is not a complete investment programme. A Fund's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Trust may suffer losses. There is no guarantee of the repayment of principal. As part of your long-term financial planning you should consider diversifying your portfolio by investing in a range of investments and asset classes

The value of investments and any income from them can go down as well as up and an investor may not get back the amount invested. An investor who realises (sells) Units after a short period may, in addition, not realise the amount originally invested in view of any Preliminary Charge made on the issue of Units.

There is no assurance that the investment objective of any of the Funds will be achieved. Also, past performance is not a guide to future performance.

### **Charges Deducted from Capital**

Each Fund normally pays its management fee and other fees and expenses out of income. However, where insufficient income is available, the Manager may pay some or all of its management fee and other fees and expenses out of capital and out of both realised and unrealised capital gains less realised and unrealised capital losses. Where the management fee and other fees and expenses are deducted from a Fund's capital rather than income generated by the relevant Fund this may constrain growth and could erode capital, as the capital of the relevant Fund available for investment in the future and for capital growth may be reduced, although this may also result in income being increased for distribution.

### **Counterparty Risk**

Counterparty risk, otherwise known as default risk, is the risk that an organisation does not pay out on a bond or other trade or transaction when it is supposed to. If a counterparty fails to honour its obligations in a timely manner and the Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and/or incur costs associated with asserting its rights.

### **Credit Risk – General**

Funds may be exposed to a credit / default risk of issuers of debt securities that the Fund may invest in. When a Fund invests in a security or other instrument which is guaranteed by a bank or other type of financial institution there can be no assurance that such guarantor will not itself be subject to credit difficulties, which may lead to the downgrading of such securities or instruments, or to the loss of some or all of the sums invested in such securities or instruments, or payments due on such securities or instruments

### **Currency Risk**

The underlying investments of the Fund may be denominated in currencies other than the Base Currency of the Fund. Also, a Class of Units of a Fund may be designated in a currency other than the Base Currency of the Fund. The Net Asset Value of the Fund may be affected unfavourably by fluctuations in the exchange rates between these currencies and the Base Currency and by changes in exchange rate controls. Unless the Class is specifically described as a hedged class, no steps are taken to mitigate the effects of exchange rate fluctuations between the currency of denomination of the Units and the Base Currency.

### **Cyber Security Risk**

The Unit Trust and its service providers are susceptible to operational and information security and related risks of cyber security incidents. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber security attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption.

Cyber attacks also may be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e. efforts to make services unavailable to intended users). Cyber security incidents affecting the Managers, Investment Manager, Administrator or Depositary or other service providers such as financial intermediaries have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, including by interference with the Unit Trust's ability to calculate its NAV; impediments to trading for the relevant Funds' portfolio; the inability of Unitholders to transact business with the Unit Trust; violations of applicable privacy, data security or other laws; regulatory fines and penalties; reputational damage; reimbursement or other compensation or remediation costs; legal fees; or additional compliance costs.

Similar adverse consequences could result from cyber security incidents affecting issuers of securities in which the Unit Trust invests, counterparties with which the Unit Trust engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions and other parties. While information risk management systems and

business continuity plans have been developed which are designed to reduce the risks associated with cyber security, there are inherent limitations in any cyber security risk management systems or business continuity plans, including the possibility that certain risks have not been identified.

## **Fund Closure Risk**

In the event of the early termination of a Fund, the Managers would have to distribute to the Unitholders their pro rata interest in the assets of the Fund. It is possible that at the time of such sale or distribution, certain investments held by the Fund may be worth less than the initial cost of such investments, resulting in a substantial loss to the Unitholders. Moreover, any organisational expenses with regard to the Fund that had not yet become fully amortised would be debited against the Fund's capital at that time. The circumstances under which the Fund may be terminated are set out under the heading "Duration of the Unit Trust".

## **Inflation Risk**

A Fund's assets or income from a Fund's investments may be worth less in real terms in the future as inflation decreases the value of money. As inflation increases, the real value of a Fund's portfolio will decline unless it grows by more than the rate of inflation.

## **Investment in Europe- European Sovereign Debt Crisis**

Some of the Funds may invest substantially in Europe. The current Eurozone crisis continues to raise uncertainty with some or no clarity on an enduring solution. Any adverse events, such as the downgrading of the credit rating of a European country, the default or bankruptcy of one or more sovereigns within the Eurozone, the departure of some, or all, relevant EU Member States from the Eurozone, or any combination of the above or other economic or political events may have a negative impact on the value of the Funds. In light of ongoing concerns on the sovereign debt risk of certain countries within the Eurozone, the Fund's investments in the region may be subject to higher volatility, liquidity, currency and default risks associated with investments in Europe.

If certain countries cease to use Euro as their local currency, the transition by an EU Member State away from the Euro or the dissolution of the Euro may require the redenomination of some, or all, Euro-denominated sovereign debt, corporate debt and securities (including equity securities). This may have an adverse impact on the liquidity of the Fund's Euro-denominated assets and on the performance of the Fund which hold such assets. A Eurozone break-up or exit from the Euro might also lead to additional performance, legal and operational risks to the Fund and may cause uncertainty as to the operation of certain terms of agreements that are governed by the law of an exiting EU Member State.

While the governments of many European countries, the European Commission, the European Central Bank, the International Monetary Fund and other authorities are taking measures (such as undertaking economic reforms and imposing austerity measures on citizens) to address the current fiscal conditions, there are concerns that these measures may not have the desired effect and the future stability and growth of Europe remains uncertain. If a crisis occurs, economic recovery may take some time and future growth will be affected. The performance and value of the Funds may potentially be adversely affected by any or all of the above factors, or there may be unintended consequences in addition to the above arising from the potential European crisis that may adversely affect the performance and value of the Funds. It is also possible that a large number of investors could decide to redeem their investments in the Fund at the same time. Investors also need to bear in mind that the events in Europe may spread to other parts of the world, affecting the global financial system and other local economies, and ultimately adversely affecting the performance and value of the Fund.

## **Volatility and Liquidity Risk**

The debt instruments in which the Fund invests may not be traded on an active secondary market. The prices of securities traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Fund may incur significant trading costs. Liquidity risk exists when a particular security or instrument is difficult to purchase or sell. If the size of a transaction would represent a relatively large proportion of the average trading volume in that security or if the relevant market is illiquid (as is the case with many privately negotiated derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price. Further information on how the Investment Manager manages liquidity risk can be found under the heading Liquidity Risk Management on page 69.

## **Market Disruption Risk**

The Funds may be exposed to the risk of incurring large losses in the event of disrupted markets. Disruptions can include the suspension or limit on trading of a financial exchange and disruptions in one market sector can have an adverse effect on other market sectors. If this happens, the risk of loss to a Fund can be increased because many positions may become illiquid, making them difficult to sell. Finance available to a Fund may also be reduced which can make it more difficult for a Fund to trade.

## **No Investment Guarantee**

Investment in a Fund is not of the same nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank

deposit account. Any investment in a Fund is subject to fluctuations in value and you may get back less than you invest.

## **Potential implications of Brexit**

On 23 June 2016 the United Kingdom held a referendum and voted to leave the European Union. This has led to volatility in the financial markets of the United Kingdom and more broadly across Europe and may also lead to weakening in consumer, corporate and financial confidence in such markets. The extent and process by which the United Kingdom will exit the European Union, and the longer term economic, legal, political and social framework to be put in place between the United Kingdom and the European Union are unclear at this stage and are likely to lead to ongoing political and economic uncertainty and periods of exacerbated volatility in both the United Kingdom and in wider European markets for some time. This mid to long term uncertainty may have an adverse effect on the economy generally and on the ability of the Unit Trust to execute their respective strategies and to receive attractive returns.

Leaving the European Union may also result in significant changes to law and regulation in the United Kingdom. It is not currently possible to assess the effect of these changes on the Unit Trust, its investments or the position of the Unitholders. Investors should be aware that these and other similar consequences following from the referendum result may adversely affect the value of the Units and the Unit Trust's performance.

## **Suspension of Trading**

A securities exchange typically has the right to suspend or limit trading in any instrument traded on that exchange. The government or the regulators may also implement policies that may affect the financial markets. A suspension could render it impossible for the Investment Manager or an underlying fund manager to liquidate positions and thereby expose the Fund to losses and may have a negative impact of the Fund.

## **Taxation**

Any change in the taxation legislation or the interpretation thereof in any jurisdiction where a Fund is registered, marketed or invested could affect the tax status of the Fund, and consequently the value of the Fund's investments in the affected jurisdiction, the Fund's ability to achieve its investment objective and/or to alter the post tax returns to shareholders.

A Fund may be subject to withholding or other taxes on income and/or gains arising from its investments. Certain investments may themselves be subject to similar taxes on the underlying investments that they hold. Any investment in either developed or emerging markets, may be subject to new taxes or the rate of tax applicable to any income arising or capital gains may increase or decrease as a result of any prospective or retrospective change in applicable laws, rules or regulations or the interpretation thereof. It is possible that a Fund may or may not be able to benefit from relief under a double tax agreement between Ireland and the country where an investment is resident for tax purposes.

Certain countries may have a tax regime that is less well defined, may be subject to unpredictable change and may permit retroactive taxation thus the Funds could become subject to a local tax liability that had not reasonably been anticipated. Such uncertainty could necessitate significant provisions being made by any relevant Fund in the net asset values per Unit calculations for foreign taxes while it could also result in a Fund incurring the cost of a payment made in good faith to a fiscal authority where it was eventually found that a payment need not have been made.

Consequently, where through fundamental uncertainty as to the tax liability, or the lack of a developed mechanism for practical and timely payment of taxes, a Fund pays taxes relating to previous years, any related costs will likewise be chargeable to the Fund. Such late paid taxes will normally be debited to a Fund at the point the decision to accrue the liability in the Fund's accounts is made.

As a result of the situations referred to above, any provisions made by the Funds in respect of the potential taxation of and returns from investments held at any time may prove to be excessive or inadequate to meet any eventual tax liabilities. Consequently, investors in a Fund may be advantaged or disadvantaged when they subscribe or redeem their Units in the Fund.

Unitholders and potential investors' attention is drawn to the taxation risks associated with investing in a Fund. Please refer to the section headed "TAXATION".

## **Foreign Account Tax Compliance Act**

The foreign account tax compliance provisions ("FATCA") of the Hiring Incentives to Restore Employment Act 2010 which apply to certain payments are essentially designed to require reporting of Specified US Person's direct and indirect ownership of non-US accounts and non-US entities to the US Internal Revenue Service, with any failure to provide the required information resulting in a 30% US withholding tax on direct US investments (and possibly indirect US investments). In order to avoid being subject to US withholding tax, both US investors and non-US investors are likely to be required to provide information regarding themselves and their investors. In this regard the Irish and US Governments signed an intergovernmental agreement ("Irish IGA") with respect to the implementation

of FATCA (see section entitled “*Compliance with US reporting and withholding requirements*” for further detail) on 21 December 2012.

Under the Irish IGA (and the relevant Irish regulations and legislation implementing same), foreign financial institutions (such as the Unit Trust) should generally not be required to apply 30% withholding tax. To the extent the Unit Trust, however, suffers US withholding tax on its investments as a result of FATCA, or is not in a position to comply with any requirement of FATCA, the Administrator acting on behalf of the Unit Trust may take any action in relation to a Unitholder's investment in the Unit Trust to redress such non-compliance and/or to ensure that such withholding is economically borne by the relevant Unitholder whose failure to provide the necessary information or to become a participating foreign financial institution or other action or inaction gave rise to the withholding or non-compliance, including compulsory redemption of some or all of such Unitholder's holding of Units in the Unit Trust.

Unitholders and prospective investors should consult their own tax advisor with regard to US federal, state, local and non-US tax reporting and certification requirements associated with an investment in the Unit Trust.

## **Common Reporting Standard**

The OECD developed the Common Reporting Standard (“CRS”) to address the issue of offshore tax evasion on a global basis. The CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. The first information exchanges are expected to begin in 2017. Ireland has legislated to implement the CRS. As a result the Unit Trust will be required to comply with the CRS due diligence and reporting requirements, as adopted by Ireland. Unitholders may be required to provide additional information to the Unit Trust to enable the Unit Trust to satisfy its obligations under the CRS. Failure to provide requested information may subject an investor to liability for any resulting penalties or other charges and/or compulsory redemption of its Units in the relevant Fund.

Unitholders and prospective investors should consult their own tax advisor with regard to with respect to their own certification requirements associated with an investment in the Unit Trust.

## **Valuation Risk**

Valuation of the Trust's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the NAV calculation of the Trust.

## **FUND SPECIFIC RISKS**

### **Hedged Classes**

Hedged Unit Classes aim to mitigate the effect of fluctuations in the exchange rate of the currency of the relevant hedged Unit Class relative to the Base Currency of the Fund. The Managers aim to mitigate this risk by using financial instruments such as those described under the heading “Investment Policy: General - Efficient Portfolio Management”, provided that such instruments shall not result in hedged positions exceeding 105% or falling below 95% of the Net Asset Value attributable to the relevant Class of Units of the Fund.

Currency hedging also has potential downsides. Hedging techniques have transaction costs which are borne by the Hedged Unit Class. In addition it is unlikely that the Managers will be able to achieve a perfect currency hedge, so there is no guarantee that a currency hedge will be entirely effective. Investors should also be aware that this strategy may substantially limit Unitholders of the relevant Class from benefiting if the designated currency falls against the Base Currency and/or the currency in which assets of the Fund are denominated.

### **Liability of the Fund**

Unitholders of the relevant Hedged Class of Units of the Fund may be exposed to fluctuations in the Net Asset Value per Unit reflecting the gains/losses on and the costs of the relevant financial instruments. However, the financial instruments used to implement such strategies shall be assets/liabilities of the Fund as a whole.

### **RMB Hedged Unit Class Risk**

RMB is subject to a managed floating exchange rate based on market supply and demand with reference to a basket of currencies. Currently, the RMB is traded in two markets: onshore RMB (CNY) in Mainland China and offshore RMB (CNH) primarily in Hong Kong. Onshore RMB (CNY) is not freely convertible and is subject to exchange controls and certain requirements by the government of PRC. Offshore RMB (CNH), on the other hand, is freely tradable. The exchange rate used for the RMB Hedged Unit Classes is the offshore RMB (CNH). The value of offshore RMB (CNH) could differ, perhaps significantly from that of the onshore RMB (CNY) due to a number of factors including without limitation those foreign exchange control policies and repatriation restrictions. Accordingly, RMB Hedged Unit Classes may be exposed to greater foreign exchange risks. There is no assurance that RMB will not be subject to devaluation or revaluation or that shortages in the availability of foreign currency will not develop.

## **Investment in Small Capitalisation / Mid-Capitalisation Companies**

The stock of small-capitalisation and mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general. Risks include economic risks, such as lack of product depth, limited geographical diversification and increased sensitivity to the business cycle. They also include organisational risk, such as concentration of management and shareholders and key-person dependence. Where smaller companies are listed on 'junior' sections of the stock exchange, they may be subject to a lighter regulatory environment. Furthermore, the shares in smaller companies can be more difficult to buy and sell, resulting in less flexibility, and sometimes higher costs, in implementing investment decisions.

## **Investment in Specific Countries, Regions and Sectors**

The Fund's investments are concentrated in specific industry sectors, instruments, countries or regions. The value of the Fund may be more volatile than that of a fund having a more diverse portfolio of investments.

The value of the Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the specific country or region market.

## **Segregated Liability Risk**

The Unit Trust is an umbrella trust with segregated liability between Funds. As a result, as a matter of Irish law, any liability attributable to a particular Fund may only be discharged out of the assets of that Fund and the assets of other Funds may not be used to discharge that liability. In addition, any contract entered into by the Managers will, by operation of law include an implied term to the effect that the counterparty to the contract may not have any recourse to the assets of any of the Funds, other than the Fund in respect of which the contract was entered into. These provisions are binding on creditors and a liquidator in the event of insolvency. However, this will not prevent the application of any rule of law which would require the application of the assets of any Fund on the grounds of fraud or misrepresentation. In addition, these provisions have not been tested in other jurisdictions, and these remain a possibility that a creditor might seek to attach or seize assets of one Fund in satisfaction of an obligation owing to another Fund in a jurisdiction which would not recognise the principle of segregation of liability.

## **Investment in China**

Investing in the Chinese securities markets is subject to both emerging market risks as well as country specific risks. Political changes, restrictions on currency exchange, exchange monitoring, taxes, limitations on foreign capital investments and capital repatriation can also affect investment performance.

Whilst the number of available share issues continues to increase, availability remains limited as compared with the choice available in other developed financial markets. This can impact on the level of liquidity in the shares markets which in turn can lead to price volatility.

The legal and regulatory framework for capital markets and joint stock companies in China is less developed when compared with those of developed countries. In addition, Chinese accounting standards may differ from international accounting standards. Investment in Chinese securities may involve certain custodial risks. For example, the evidence of title of exchange traded securities in the People's Republic of China ("PRC") consists only of electronic book-entries in the depository and/or registry associated with the relevant exchange. These arrangements of the depositories and registries are new and not fully tested with regard to their efficiency, accuracy and security.

Investment in mainland China remains sensitive to any major change in economic, social and political policy in the PRC. The capital growth and thus the performance of these investments may be adversely affected due to such sensitivity. The PRC government's control of future movements in exchange rates and currency conversion may have an adverse impact on the operations and financial results of the companies in which these Funds invest.

With the potential uncertainty concerning the tax treatment of investments in Chinese securities, the possibility of tax rules being changed and the possibility of taxes or tax liabilities being applied retroactively, any provisions for taxation made by the relevant Funds at any time may prove to be excessive or inadequate to meet any eventual tax liabilities. Consequently, investors may be advantaged or disadvantaged depending on the position of the Chinese tax authorities in the future and the level of tax provisions proving to be either excessive or inadequate either when they subscribed or redeemed their Units in the relevant Funds.

Under the prevailing PRC tax policy, there are certain tax incentives available to PRC companies with foreign investments. However, there is no assurance that tax incentives currently offered to foreign companies will not be abolished in the future. In addition, by investing in Chinese securities including A-Shares and B-Shares (indirectly through investment in other CIS or participation notes), these Funds may be subject to withholding and other taxes imposed in the PRC which cannot be eliminated by any applicable double taxation treaty. Therefore such uncertainty could necessitate significant provisions being made in the Net Asset Value per Unit calculations for foreign taxes.

## **Investment via the Connect Schemes**

### *Risks Associated with the Connect Schemes*

The relevant rules and regulations on Connect Schemes are subject to change which may have potential retrospective effect. The Connect Schemes are subject to quota limitations. Where a suspension in the trading through the programme is effected, the Fund's ability to invest in China A-shares or access the PRC market through the programme will be adversely affected. In such event, the Fund's ability to achieve its investment objective could be negatively affected.

### Quota limitations

Trading under the Connect Schemes will be subject to a daily quota ("Daily Quota"). The Northbound Shanghai Trading Link under the Shanghai-Hong Kong Stock Connect Scheme, Northbound Shenzhen Trading Link under the Shenzhen-Hong Kong Stock Connect Scheme, Southbound Hong Kong Trading Link under the Shanghai-Hong Kong Stock Connect Scheme and Southbound Hong Kong Trading Link under the Shenzhen-Hong Kong Stock Connect Scheme will be respectively subject to a separate set of Daily Quota. The Daily Quota limits the maximum net buy value of cross boundary trades under each of the Connect Schemes each day. The Northbound Daily Quota is currently set at RMB13 billion for each of the Connect Schemes as of the date of this Supplement. SEHK will monitor the quota and publish the remaining balance of the Northbound Daily Quota at scheduled times on the HKEx's website.

Once the remaining balance of the Northbound Daily Quota drops to zero or the Northbound Daily Quota is exceeded during the opening call session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the relevant Fund's ability to invest in China A shares through the Connect Schemes on a timely basis, and the relevant Fund may not be able to effectively pursue its investment strategies.

### Legal / Beneficial Ownership

The SSE Securities and SZSE Securities in respect of the Fund are held by the Depositary in accounts in the Central Clearing and Settlement System ("CCASS") maintained by the HKSCC as central securities depositary in Hong Kong. HKSCC in turn holds the SSE Securities and SZSE Securities, as the nominee holder, through an omnibus securities account in its name registered with ChinaClear for each of the Connect Schemes. The precise nature and rights of the Funds as the beneficial owners of the SSE Securities and SZSE Securities through HKSCC as nominee is not well defined under PRC law. There is lack of a clear definition of, and distinction between, "legal ownership" and "beneficial ownership" under PRC law and there have been few cases involving a nominee account structure in the PRC courts. Therefore, the exact nature and methods of enforcement of the rights and interests of the Fund under PRC law is uncertain. Because of this uncertainty, in the unlikely event that HKSCC becomes subject to winding up proceedings in Hong Kong it is not clear if the SSE Securities and SZSE Securities will be regarded as held for the beneficial ownership of the Funds or as part of the general assets of HKSCC available for general distribution to its creditors.

### Clearing and settlement risk

The HKSCC and ChinaClear have established the clearing links and each is a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the Fund may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

### Currency risk

Hong Kong and overseas investors will trade and settle SSE Securities and SZSE Securities in RMB only. Hence, the Funds will need to use RMB to trade and settle SSE Securities and SZSE Securities.

### No protection by Hong Kong Investor Compensation Fund

Investment through the Connect Schemes is conducted through brokers, and is subject to the risks of default by such brokers' in their obligations.

The Fund's investments through Northbound trading under the Connect Schemes are not covered by Hong Kong's Investor Compensation Fund. Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong.

Since default matters in the Northbound Trading Link via the Connect Schemes does not involve products listed or traded in SEHK or Hong Kong Futures Exchange Limited, they will not be covered by the Investor Compensation Fund.

On the other hand, since a Fund is carrying out Northbound trading through securities brokers in Hong Kong but not the PRC brokers, therefore it is not protected by the China Securities Investor Protection Fund (中國證券投資者保護基金).

### Corporate actions and shareholders' meetings

Notwithstanding the fact that HKSCC does not claim proprietary interests in the SSE Securities and SZSE Securities held in its omnibus stock account in ChinaClear, ChinaClear as the share registrar for SSE and SZSE listed companies will still treat HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE Securities and SZSE Securities.

HKSCC will monitor the corporate actions affecting SSE Securities and SZSE Securities and keep the relevant brokers or custodians participating in CCASS ("CCASS participants") informed of all such corporate actions that require CCASS participants to take steps in order to participate in them.

SSE-/SZSE-listed companies usually announce information regarding their annual general meetings/extraordinary general meetings about two to three weeks before the meeting date. A poll is called on all resolutions for all votes. HKSCC will advise CCASS participants of all general meeting details such as meeting date, time, venue and the number of resolutions.

The HKSCC will keep CCASS participants informed of corporate actions of SSE Securities and SZSE Securities (as defined above). Where the articles of association of a listed company do not prohibit the appointment of proxy/multiple proxies by its shareholder, HKSCC will make arrangements to appoint one or more investors as its proxies or representatives to attend shareholders' meetings when instructed. Further, investors (with holdings reaching the thresholds required under the PRC regulations and the articles of associations of listed companies) may, through their CCASS participants, pass on proposed resolutions to listed companies via HKSCC under the CCASS rules. HKSCC will pass on such resolutions to the companies as shareholder on record if so permitted under the relevant regulations and requirements. Hong Kong and overseas investors (including the Fund) are holding SSE Securities and SZSE Securities traded via the Connect Schemes through their brokers or custodians, and they will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of SSE Securities and SZSE Securities may be very short. Therefore, it is possible that the Fund may not be able to participate in some corporate actions in a timely manner.

### Foreign Shareholding Restrictions

China Securities Regulatory Commission ("CSRC") stipulates that, when holding China A shares through the Connect Schemes, Hong Kong and overseas investors are subject to the following shareholding restrictions:

- shares held by a single foreign investor (such as the Fund) investing in a listed company must not exceed 10 % of the total issued shares of such listed company; and
- total shares held by all foreign investors (i.e. Hong Kong and overseas investors) who make investment in a listed company must not exceed 30 % of the total issued shares of such listed company.

When the aggregate foreign shareholding of an individual China A shares reaches 26 %, SSE or SZSE, as the case may be, will publish a notice on its website (<http://www.sse.com.cn/disclosure/disclosure/qfii> for SSE and <http://www.szse.cn/main/disclosure/news/qfii/> for SZSE). If the aggregate foreign shareholding exceeds the 30% threshold, the foreign investors concerned will be requested to sell the shares on a last-in-first-out basis within five trading days.

## Operational risk

The Connect Schemes provide a channel for investors from Hong Kong and overseas to access the China stock markets directly.

The Connect Schemes are premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this programme subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

Market participants generally have configured and adapted their operational and technical systems for the purpose of trading China A shares through the Connect Schemes. However, it should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the program to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the “connectivity” in the Connect Schemes requires routing of orders across the border. SEHK has set up an order routing system (“China Stock Connects System”) to capture, consolidate and route the cross boundary orders input by exchange participants. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the programme could be disrupted. A Fund’s ability to access the China A share market (and hence to pursue its investment strategy) will be adversely affected.

## Regulatory risk

The Connect Schemes will be subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Connect Schemes.

It should be noted that the current regulations and rules on the Connect Schemes are subject to change which may have potential retrospective effect. There can be no assurance that the Connect Schemes will not be abolished. A Fund, which may invest in the PRC markets through the Connect Schemes, may be adversely affected as a result of such changes.

## Suspension risk

Each of the SEHK, SSE and SZSE reserves the right to suspend Northbound and/or Southbound trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound trading through the Connect Schemes is effected, a Fund’s ability to access the PRC market will be adversely affected.

## Restrictions on selling imposed by front-end monitoring

PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise SSE or SZSE will reject the sell order concerned.

SEHK will carry out pre-trade checking on China A shares sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

Generally, if a Fund desires to sell certain China A shares it holds, it must transfer those China A shares to the respective accounts of its brokers before the market opens on the day of selling (“**trading day**”). If it fails to meet this deadline, it will not be able to sell those shares on the trading day. Because of this requirement, a Fund may not be able to dispose of holdings of China A shares in a timely manner.

However, a Fund may request a custodian to open a special segregated account (“SPSA”) in CCASS to maintain its holdings in China A shares under the enhanced pre-trade checking model. Each SPSA will be assigned a unique “Investor ID” by CCASS for the purpose of facilitating China Stock Connects System to verify the holdings of an investor such as a Fund. Provided that there is sufficient holding in the SPSA when a broker inputs a Fund’s sell order, the Fund will be able to dispose of its holdings of China A shares (as opposed to the practice of transferring China A shares to the broker’s account under the current pre-trade checking model for non-SPSA accounts). Opening of the SPSA accounts for the Fund will enable it to dispose of its holdings of China A shares in a timely manner.



## Differences in trading days

The Connect Schemes will only operate on days when both the PRC and the Hong Kong stock markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the PRC stock markets but Hong Kong investors (such as the Fund) cannot carry out any China A shares trading. Due to the differences in trading days, the Fund may be subject to a risk of price fluctuations in China A shares on a day that the PRC stock markets are open for trading but the Hong Kong stock market is closed.

## Recalling of eligible stocks

When a stock is recalled from the scope of eligible stocks for trading via the Connect Schemes, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of the Fund, for example, when the Fund wishes to purchase a stock which is recalled from the scope of eligible stocks.

Risks associated with the Small and Medium Enterprise Board of the SZSE ("**SME Board**") and/or ChiNext Board

Certain Funds may have exposure to stocks listed on SME Board and/or ChiNext Board.

## *Higher fluctuation on stock prices*

Listed companies on the SME Board and/or ChiNext Board are usually of emerging nature with smaller operating scale. Hence, they are subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the Main Board of the SZSE ("**Main Board**").

## *Over-valuation risk*

Stocks listed on SME Board and/or ChiNext Board may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.

## *Differences in regulation*

The rules and regulations regarding companies listed on ChiNext Board are less stringent in terms of profitability and share capital than those in the Main Board and SME Board.

## *Delisting risk*

It may be more common and faster for companies listed on the SME Board and/or ChiNext Board to delist. This may have an adverse impact on a Fund if the companies that it invests in are delisted.

Investments in the SME Board and/or ChiNext Board may result in significant losses for a Fund and its investors.

## **EQUITY RISKS**

### **Investment in Equities**

The Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors. When the equity markets are extremely volatile the Fund's Net Asset Value may fluctuate substantially.

### **Equity-related securities**

The Unit Trust may invest in equity-related securities such as structured notes, participation notes or equity-linked notes. These are usually issued by a broker, an investment bank or a company and are therefore subject to the risk of insolvency or default of the issuer. If there is no active market in these instruments, this may lead to liquidity risk. Further, investment in equity-linked securities may lead to dilution of performance of the Fund when compared to the other funds which invest directly in similar underlying assets due to fees embedded in the notes. The aforesaid circumstances may adversely affect the Net Asset Value per share of the Fund.

Convertible bonds are a hybrid between debt and equity, permitting holders to convert into shares in the company issuing the bond at a specified future date. As such, convertibles will be exposed to equity movement and greater volatility than straight bond investments. Investments in convertible bonds are subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments. The Fund will not invest extensively in debt securities convertible into equities.

## **EMERGING MARKETS**

### **Investment in Emerging Markets (and/or Frontier Markets)**

The Fund invests in emerging markets which may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility. Currency conversion and repatriation of investment income, capital and proceeds of sale by a Fund may be limited or require governmental consents. A Fund could be adversely affected by delays in, or refusal to grant, any such approval for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. Stock exchanges and other such clearing infrastructure may lack liquidity and robust procedures and may be susceptible to interference.

### Political, Social and Economic Instability

Some countries have a higher than usual risk of nationalisation, expropriation or confiscatory taxation, any of which might have an adverse effect on a Fund's investments in those countries. Developing countries can be subject to a higher than usual risk of political change, government regulation, social instability or diplomatic developments (including war) which could adversely affect the economies of such countries and thus a Fund's investments in those countries. Furthermore, it may be difficult for the Fund to obtain effective enforcement of its rights in certain developing countries.

### Market Liquidity and Foreign Investment Infrastructure

Trading volume on the stock exchange of most developing countries can be substantially less than in the leading stock markets of the developed world, so that the purchase and sale of holdings may be take longer. Volatility of prices can be greater than in the developed world. This may result in considerable volatility in the value of the Fund and, if sales of a significant amount of securities have to be effected at short notice in order to meet redemption requests, such sales may have to be effected at unfavourable prices which could have an adverse effect on the value of the Fund and therefore the Dealing Price.

In certain developing countries, portfolio investment by foreign investors such as the Funds may require consent or be subject to restrictions. These restrictions and any further restrictions introduced in the future could limit the availability to the Funds of attractive investment opportunities.

### Corporate Disclosure, Accounting and Regulatory Standards

Companies in developing countries are generally not subject to accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those applicable to companies in the developed world. In addition, there is generally less government supervision and regulation of stock exchanges, brokers and listed companies in most developing countries than in countries with more advanced securities markets. As a result, there may be less information available publicly to investors in developing country securities; such information as is available may be less reliable.

### Availability and Reliability of Official Data

Less statistical data is available in relation to the securities markets of developing countries relative to the securities markets in, for example the United Kingdom; such data as is available may be less reliable.

### Legal Risk

Many laws in developing countries are new and largely untested. As a result the Fund may be subject to a number of risks, including but not limited to inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, lack of established avenues for legal redress and a lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgement in certain countries in which assets of the Fund are invested.

### Taxation

Taxation of dividends, interest and capital gains received by foreign investors varies among developing countries and, in some cases, is comparatively high. In addition, certain developing countries are amongst those countries that have less well defined tax laws and procedures and such laws may permit retroactive taxation so that a Fund investing in such a country could in the future become subject to a local tax liability that could not have been reasonably anticipated. Such uncertainty could necessitate significant provisions for foreign taxes being made by a Fund in its Net Asset Values calculations. The making and potential impact of such provisions is considered further under the "General Risks -Taxation" section.

### Settlement and Custody Risk

As these funds invest in markets where the trading, settlement and custodial systems are not fully developed, there is an increased risk of the assets of a Fund which are traded in such markets being lost through fraud, negligence, oversight or catastrophe such as a fire. In other circumstances such as the insolvency of a sub-custodian or registrar, or retroactive application of legislation, the Funds may not be able to establish title to investments made and may suffer loss as a result. In such circumstances, the Fund may find it impossible to enforce its right against third parties. As these Funds may invest in markets where the trading, settlement and custodial systems are not fully developed, the assets of such Fund which are traded in such markets and which have been entrusted to sub-custodians in such markets may be exposed to risk in circumstances in which the Depositary will have no liability.

Risks include but are not limited to:

- a non-true delivery versus payment settlement, which could increase the credit risk with the counterparty. Delivery versus payment is a settlement system that stipulates that cash payment must be made prior to or simultaneously with the delivery of the security;
- a physical market (as opposed to electronic book keeping of records) and, as a consequence, the circulation of forged securities;
- poor information in regards to corporate actions;
- registration process that impacts the availability of the securities;
- lack of appropriate legal/fiscal infrastructure advices;
- lack of compensation/risk fund with a central depository.

## **FIXED INCOME SECURITIES**

### **Investment in Fixed Income Securities**

Investment in bonds or fixed income securities is subject to liquidity, interest rate and credit risks (i.e. the risk of default). The value of a bond will fall if an issuer defaults.

Fixed income securities are often rated by Credit Rating Agencies. Credit ratings indicate the probability that an issuer will fail to make timely payment of capital and / or interest that is due to be paid to investors under the terms of the security i.e. the risk of default.

Certain credit rating agencies are designated by the U.S. Securities and Exchange Commission as Nationally Recognized Statistical Rating Organizations (NRSROs). Each NRSRO has an alpha or alphanumerical scale that expresses their ratings. An example of an NRSRO is Standard and Poor's, their rating scale (expressed here in increasing order of default risk) is: AAA, AA+, AA, AA-, A+, A, A-, BBB+, BBB, BBB-, BB+, BB, BB-, B+, B, B-, CCC+, CCC, CCC-, CC, C. The identifier D is also used, in order to signify that a security has already defaulted.

Securities rated between the AAA rating level and the BBB- rating level are commonly referred to as 'investment grade'. These securities would be expected to have a very low risk of default.

Securities with ratings of BB+, and lower, are commonly referred to as 'sub-investment grade'. These securities would be expected to have a higher risk of default, and a greater sensitivity to economic conditions, than 'investment grade' securities.

A Fund may in accordance with its investment policy only be permitted to invest in securities / investments of a certain credit rating. Credit ratings may however not always be an accurate or reliable measure of the strength of the securities / investments being invested in. Credit ratings assigned by rating agencies are also subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times. Where such credit ratings prove inaccurate or unreliable, losses may be incurred by any Fund which has invested in such securities / investments.

The volume of transactions effected in certain international bond markets may be appreciably below that of the world's largest markets, such as the United States. Accordingly, a Fund's investment in such markets may be less liquid and their prices may be more volatile than comparable investments in securities trading in markets with larger trading volumes. Moreover, the settlement periods in certain markets may be longer than in others which may affect portfolio liquidity.

### **Credit Risk – Fixed Income**

A Fund may invest in fixed income securities which have low credit status which may represent a higher credit risk than funds which do not invest in such securities. Investment in securities issued by corporations may also represent a higher credit risk than investment in securities issued by governments.

There can be no assurance that the issuers of fixed income securities in which a Fund may invest will not be subject to credit difficulties, leading to either the downgrading of such securities or instruments, or to the loss of some or all of the sums invested in or payments due on such securities or instruments.

### **Interest Rate Risk**

The fixed income instruments in which a Fund may invest are subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.

### **Downgrading Risk**

The credit rating of a debt instrument or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the Fund may be adversely affected. The Investment Manager may or may not be able to dispose of the debt instruments that are being downgraded.

## **Zero Coupon Risk**

Relative to interest paying securities of similar maturity, the market prices of securities structured as zero coupon are generally affected to a greater extent by interest rate changes. These securities tend to be more volatile than securities which pay interest periodically.

## **Sovereign Debt Risk**

The Fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Fund to participate in restructuring such debts. The Fund may suffer significant losses when there is a default of sovereign debt issuers.

A government entity's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the government entity's policy towards the International Monetary Fund and the political constraints to which a government entity may be subject. Government entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest arrearage on their debt. Such commitments may be conditioned on a government entity's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the government entity, which may further impair such debtor's ability or willingness to service its debt on a timely basis.

## **Investment in Sub-Investment Grade Securities**

The Fund may invest in debt securities rated sub-investment grade (e.g. with a credit rating of less than BBB- on the Standard & Poor's scale or as equivalent in respect of other internationally recognised credit rating agencies) or unrated. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities. The risk of loss due to default by such issuers is significantly greater because sub-investment grade securities generally are unsecured and are lower in the hierarchy of creditors.

The value of sub-investment grade securities tends to go up and down more quickly than investment grade securities, reflecting short-term corporate and market developments. Investment grade securities respond primarily to fluctuations in the general level of interest rates.

There are fewer investors in sub-investment grade securities and it may be harder to sell such securities. Market quotations may not be available for high yield debt securities, and judgment plays a greater role in valuing high yield corporate debt securities than is the case for securities for which more external sources for quotations and last sale information is available.

## **DERIVATIVE TECHNIQUES AND INSTRUMENTS**

### **Investment in Derivatives**

Investments of a Fund may be composed of securities with varying degrees of volatility and may comprise, from time to time, financial derivative instruments. Since financial derivative instruments may be geared instruments, their use may result in greater fluctuations of the Net Asset Value of the Fund concerned. Risks associated with financial derivative instruments include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a financial derivative instrument can result in a loss significantly greater than the amount invested in the financial derivative instrument by the Trust. Exposure to financial derivative instruments may lead to a high risk of significant loss by the Trust.

A Fund may use financial derivative instruments for efficient portfolio management or to attempt to hedge or reduce the overall risk of its investments or, if disclosed in relation to any Fund, financial derivative instruments may be used as part of the principal investment policies and strategies. Such strategies might be unsuccessful and incur losses for the Fund, due to market conditions. A Fund's ability to use these strategies may be limited by market conditions, regulatory limits and tax considerations. Investments in financial derivative instruments are subject to normal market fluctuations and other risks inherent in investment in securities. In addition, the use of financial derivative instruments involves special risks, including: 1. dependence on the Investment Manager's ability to accurately predict movements in the price of the underlying security; 2. imperfect correlation between the movements in securities or currency on which a financial derivative instruments contract is based and movements in the securities or currencies in the relevant Fund; 3. the absence of a liquid market for any particular instrument at any particular time which may inhibit the ability of a Fund to liquidate a financial derivative instrument at an advantageous price; 4. due to the degree of leverage inherent in derivatives contracts, a relatively small price movement in a contract may result in an immediate and substantial loss to a Fund; and 5. Possible impediments to efficient portfolio management or the ability to meet repurchase requests or other short term obligations because a percentage of a Fund's assets may be segregated to cover its obligations.

## **Forward Foreign Exchange Transactions**

Forward contracts, unlike futures contracts, are not traded on exchanges and are not standardised; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis, and therefore have an increased counterparty risk. If a counterparty defaults, the Fund may not get the expected payment or delivery of assets. This may result in the loss of the unrealised profit.

## **Futures Contracts**

A futures contract is a standardised contract between two parties to exchange a specified asset of standardised quantity and quality for a price agreed today (the futures price or the strike price) with delivery occurring at a specified future date, the delivery date. The contracts are normally traded on a futures exchange. The amount of loss (as well as profit) is unlimited.

For example, where the underlying specified asset is a commodity, the futures contract may be illiquid because certain commodity exchanges limit fluctuations in certain future contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits”. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to affect trades at or within the limit.

A Fund may also be exposed to a credit risk in relation to the counterparties with whom they transact or place margin or collateral in respect of transactions and may bear the risk of counterparty default. A Fund may be invested in certain futures contracts which may involve the assumption of obligations as well as rights and assets. Assets deposited as margin with brokers may not be held in segregated accounts by the brokers and may therefore become available to the creditors of such brokers in the event of their insolvency or bankruptcy.

## **Hedging Techniques**

The Fund may utilise a variety of financial instruments, such as options, interest rate swaps, futures and forward contracts, etc. to seek to hedge against declines in the values of the Fund's positions as a result of changes in currency exchange rates, equity markets, market interest rates and other events. Hedging against a decline in the value of Fund's positions will not eliminate fluctuations in the values of the Fund's positions or prevent losses if the values of such positions decline, but it does establish other positions designed to gain from those same developments, thus reducing the decline in the Fund's value. However, such hedging transactions also limit the opportunity for gain if the value of the Fund's positions should increase. It may not be possible for the Fund to hedge against a change or event at a price sufficient to protect its assets from the decline in value of the Fund's positions anticipated as a result of such change. In addition, it may not be possible to hedge against certain changes or events at all or the Investment Manager may choose not to. Furthermore, there is no guarantee that a Fund's use of financial derivatives for hedging will be entirely effective and in adverse situations, where the use of financial derivatives becomes ineffective, a Fund may suffer significant loss.”

## **Leverage Risk**

When a Fund purchases a security, the risk to the Fund is limited to the loss of its investment. In the case of a transaction involving futures, forwards, swaps or options, that Fund's liability may be potentially unlimited until the position is closed.

## **Over the Counter (OTC) Transactions**

An OTC transaction takes place when a financial instrument is traded directly between two parties rather than through a stock exchange. This typically occurs in markets which are still at an early stage of development and there is not a stock exchange, or for securities which have limited liquidity.

## **Absence of Regulation**

In general, there is less regulation and supervision of OTC transactions than for transactions entered into on some stock exchanges. In addition, many of the protections afforded to participants on some stock exchanges might not be available in connection with OTC transactions.

## **Counterparty Default**

A Fund may also have credit exposure to counterparties by virtue of positions in swap agreements, repurchase transactions, forward exchange rate and other financial or derivative contracts held by the Fund. OTC transactions are executed in accordance with an agreed terms and conditions drawn up between the Fund and the counterparty. If the counterparty experiences credit issues and therefore defaults on its obligation and a Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. Counterparty exposure will be in accordance with the Fund's investment restrictions. Regardless of the measures a Fund may implement to reduce counterparty risk, there can be no assurance that a counterparty will not default or that the Fund will not sustain losses on the transactions as a result.

## **Options**

Transactions in options may also carry a high degree of risk. For purchased positions the risk to the option holder is limited to the purchase cost of establishing the position. Out of the Money (OTM) positions will see the value of the options position decrease, especially as the position nears expiry.

## **Swap Agreements**

Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the Fund's exposure to strategies, long term or short term interest rates, foreign currency values, corporate borrowing rates or other factors. Swap agreements can take many different forms and are known by a variety of names.

Depending on how they are used, swap agreements may increase or decrease the overall volatility of the Fund. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency or other factors that determine the amounts of payments due to and from the counterparties. If a swap agreement calls for payments by the Fund, the Fund must be prepared to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses to the Fund.

## **Risks Associated with Securities Financing Transactions**

Entering into total-return swaps create several risks for the Unit-Trust and its investors. The relevant Fund is exposed to the risk that a counterparty to a securities financing transaction may default on its obligation to return assets equivalent to the ones provided to it by the relevant Fund. It is also subject to liquidity risk if it is unable to liquidate collateral provided to it to cover a counterparty default. Such transactions may also carry legal risk in that the use of standard contracts to effect securities financing transactions may expose a Fund to legal risks such as the contract may not accurately reflect the intention of the parties or the contract may not be enforceable against the counterparty in its jurisdiction of incorporation. Such transactions may also involve operational risks in that the use of securities financing transactions and management of collateral are subject to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Risks may also arise with respect to any counterparty's right of re-use of any collateral as outlined below under "Operational Risk linked to Management of Collateral".

## **Taxation**

Where a Fund invests in derivatives, the issues described in the "General Risks - Taxation" section may also apply to any change in the taxation legislation or interpretation thereof of the governing law of the derivative contract, the derivative counterparty, the market(s) comprising the underlying exposure(s) of the derivative or the markets where a Fund is registered or marketed.

## **Legal Risks**

OTC derivatives are generally entered into pursuant to contracts based on the standards set by the International Swaps and Derivatives Association for derivatives master agreements which are negotiated by the parties. The use of such contracts may expose a Fund to legal risks such as the contract may not accurately reflect the intention of the parties or the contract may not be enforceable against the counterparty in its jurisdiction of incorporation.

## **Operational Risk linked to Management of Collateral**

The use of OTC derivatives and the management of collateral received are subject to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Where cash collateral is re-invested, in accordance with the conditions imposed by the Central Bank, a Fund will be exposed to the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested.

The management of operational risk is established through policies set by the risk committee of the Investment Manager. These policies set standards for the high level assessment of risk and, monitoring and reporting of risk within the business and analysis of reported operational risk events.

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## **Borrowings**

The Trust Deed and the Regulations enable borrowing to be undertaken on a temporary basis for the account of any Fund up to a limit of 10% of the net assets of that Fund at the time of borrowing. The assets of that Fund may be charged as security for any such borrowings.

The Fund may acquire foreign currency by means of back to back loan agreements. Foreign currency obtained in this manner is not classified as borrowing for the purposes of the borrowing restrictions above, provided that the offsetting

deposit (i) is denominated in the base currency of the Fund and (ii) equals or exceeds the value of the foreign currency loan outstanding.

## **Portfolio Transactions and Managers' Unit Dealings**

The Managers and delegates of the Managers which are associated companies of the Managers may deal in securities and other investments for the Unit Trust through or with any associated company of the Managers.

In addition, any cash of the Unit Trust may be deposited, subject to the provisions of the Central Bank Acts, 1942 to 2010, with the Depositary or any associated company of the Depositary or invested in certificates of deposit or banking instruments issued by the Depositary or any associated company of the Depositary. Banking and similar transactions may also be undertaken with or through the Depositary or any other associated company of the Depositary.

The Managers are entitled to deal as principals in Units of the Unit Trust and requests to subscribe for or redeem Units may be executed as sales or, as the case may be, purchases by the Managers provided that the prices quoted by the Managers are not less favourable to the investor or redeeming Unitholder than would otherwise be the case.

There will be no obligation on the part of the Managers, the Depositary or any such subsidiary to account to the Unitholders for any benefits so arising and any such benefits may be retained by the relevant party provided that: -

- (i) where securities are sold to or vested in the Depositary for the account of the Unit Trust, the amount charged to the Depositary is no greater than that which would be applicable to such sale or vesting on the same day by any person other than the Managers, the Depositary or any such subsidiary; and
- (ii) where securities held for the account of the Unit Trust are bought from the Depositary the amount received by the Depositary for the account of the Unit Trust is not less than that which would have been applicable to such purchase on the same day by a person other than the Managers, the Depositary or any such subsidiary; and
- (iii) the Depositary is satisfied that in its opinion the terms of such transactions do not immediately result in any prejudice to Unitholders.

There is no prohibition on dealings in the assets of a Fund by the Managers, the Investment Managers, the Administrator, the Depositary or entities related to the Managers, the Investment Managers, the Administrator or the Depositary or to their respective officers, directors or executives, provided that the transaction is effected on normal commercial terms negotiated at arms length. Such transactions must be consistent with the best interests of the Unitholders.

Transactions effected in accordance with paragraphs (i), (ii) or (iii) below are acceptable where:

- (i) a person approved by the Depositary as independent and competent certifies the price at which the transaction is effected is fair; or
- (ii) the execution of the transaction is on best terms on an organised investment exchanges under its rules; or
- (iii) where the conditions set out in (i) or (ii) above are not practical, the transaction is executed on terms which the Depositary is satisfied conform with the principle set out in the first paragraph above.

## **Distribution Policy**

The Trust Deed provides for the Depositary to distribute in respect of each accounting period not less than 85% of surplus net income represented by the dividends and interest received for each Fund to the holders of Units of the relevant class, after charging expenses and various other items, as set out under "Charges and Expenses", as are attributable to the income of that Fund. In addition, the Managers may distribute to the holders of Units of the relevant Fund or Class such part of any capital gains less realised and unrealised capital losses attributable to the relevant Fund as, in their opinion, is appropriate to maintain a satisfactory level of distribution. The Managers may, at their discretion, declare additional dividend payment dates in respect of any distributing Fund or Class. It is intended that income distributions, if any, in relation to the Funds will be paid as set out in the table below.

<b>FUND AND CLASS</b>	<b>INCOME DISTRIBUTIONS</b>
<b>Baring ASEAN Frontiers Fund</b>	
Class A EUR Inc	Paid annually no later than 31 July in each year
Class A GBP Inc	Paid annually no later than 31 July in each year
Class A USD Inc	Paid annually no later than 31 July in each year

# BARING INTERNATIONAL UMBRELLA FUND

Class D GBP Inc	Paid annually no later than 31 July in each year
Class I GBP Inc	Paid annually no later than 31 July in each year
Class R GBP Inc	Paid annually no later than 31 July in each year
<b>Baring Asia Growth Fund</b>	
Class A EUR Inc	Paid annually no later than 31 July in each year
Class A GBP Inc	Paid annually no later than 31 July in each year
Class A USD Inc	Paid annually no later than 31 July in each year
Class D GBP Inc	Paid annually no later than 31 July in each year
Class I GBP Inc	Paid annually no later than 31 July in each year
Class R GBP Inc	Paid annually no later than 31 July in each year
<b>Baring Australia Fund</b>	
Class A AUD Inc	Paid annually no later than 31 July in each year
Class A EUR Inc	Paid annually no later than 31 July in each year
Class A GBP Inc	Paid annually no later than 31 July in each year
Class A USD Inc	Paid annually no later than 31 July in each year
Class D GBP Inc	Paid annually no later than 31 July in each year
Class I GBP Inc	Paid annually no later than 31 July in each year
Class R GBP Inc	Paid annually no later than 31 July in each year
<b>Baring Europa Fund</b>	
Class A EUR Inc	Paid annually no later than 31 July in each year
Class A USD Inc	Paid annually no later than 31 July in each year
Class C EUR Inc	Paid annually no later than 31 July in each year
Class C USD Inc	Paid annually no later than 31 July in each year
Class D GBP Inc	Paid annually no later than 31 July in each year
Class I GBP Inc	Paid annually no later than 31 July in each year
Class R GBP Inc	Paid annually no later than 31 July in each year
<b>Baring Hong Kong China Fund</b>	
Class A EUR Inc	Paid annually no later than 31 July in each year
Class A GBP Inc	Paid annually no later than 31 July in each year
Class A HKD Inc	Paid annually no later than 31 July in each year
Class A USD Inc	Paid annually no later than 31 July in each year
Class C EUR Inc	Paid annually no later than 31 July in each year
Class C USD Inc	Paid annually no later than 31 July in each year
Class D GBP Inc	Paid annually no later than 31 July in each year
Class I GBP Inc	Paid annually no later than 31 July in each year
Class R GBP Inc	Paid annually no later than 31 July in each year
<b>Baring International Bond Fund</b>	
Class A EUR Inc	Paid twice-yearly no later than 31 January and 31 July each year
Class A GBP Inc	Paid twice-yearly no later than 31 January and 31 July each year
Class A RMB Hedged Inc Monthly	Paid monthly no later than the last business day in each month
Class A USD Inc	Paid twice-yearly no later than 31 January and 31 July each year
Class D GBP Inc	Paid twice-yearly no later than 31 January and 31 July each year
Class I GBP Inc	Paid twice-yearly no later than 31 January and 31 July each year
Class R GBP Inc	Paid twice-yearly no later than 31 January and 31 July each year

Other Unit Classes are accumulating and will therefore not pay any distributions.

Any distributions remaining unclaimed after a period of six years will lapse and such distributions shall be transferred to the relevant Fund.

Appendix IV includes a list of those Unit Classes which have been accepted in the UK reporting fund regime with effect from 1 May 2010 or where applicable from the launch of the Unit Class.



Subject to the Managers' Policy as mentioned under "Reinvestment of Income Distributions" below, payment of distributions will be made by electronic transfer in the relevant currency of the relevant Unit Class and sent, at the risk of persons entitled thereto, to the account set out in the Application Form. If investors wish to make any change in the payment instructions, such change must be by written notice to the Managers signed by the sole Unitholder or all joint Unitholders. Any charges incurred in making payment by electronic transfer may be payable by the Unitholder. Payment may, however, be made in any other major currency if requested by the Unitholder, or Unitholders in the case of any joint holding, in writing to the Managers, but such payment will be arranged at the expense and risk of the Unitholders.

Equalisation arrangements will be effected by the Managers with a view to ensuring that the level of distributions payable on any Class of Units is not affected by the issue, conversion or redemption of Units of that Class during the relevant accounting period. If distributions are paid to the Unitholder and are, for any reason, returned, the money will be held in a Collection Account until valid bank details are provided.

### Reinvestment of Income Distributions

The Managers will automatically re-invest any distribution entitlements in further Units of the relevant Class of the relevant Fund:

- i) unless distributions are in excess of US\$100 (or equivalent), £50 or €100 in value (depending on the relevant denomination of the Units) and instructions in writing to the contrary are received from the Unitholder at least 21 days prior to the relevant distribution date
- ii) if distributions are less than US\$100 or equivalent (depending on the relevant denomination of the Units), distributions may be made in cash or reinvested at the discretion of the Managers.
- iii) in all cases where the Unitholder's anti-money laundering documentation is incomplete or has not been completed to the satisfaction of the Administrator and/or the Unitholder has not provided an original Application Form.

Further Units will be issued on the date of distribution or, if that is not a Dealing Day, on the next following Dealing Day at a price calculated in the same way as for other issues of Units but without incurring any Preliminary Charge. There is, however, no minimum number of such further Units which may be so subscribed and fractions of Units will be issued if necessary. Unitholders may also when applying for Units or subsequently, request the Managers in writing to pay them all distributions to which they are entitled; every such request by a Unitholder will remain effective until countermanded in writing or, if earlier, the person making the request ceases to be a Unitholder. If distributions are, for any reason, returned, the money will be held in a Collection Account until valid bank details are provided.

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## Report and Accounts

The Unit Trust's year end is 30 April in each year. Audited accounts and a report in relation to the Unit Trust will be produced within four months after the conclusion of each Accounting Period and hosted on the Manager's website at [www.barings.com](http://www.barings.com). Unaudited semi-annual reports will also be produced within two months of the Semi-Annual Accounting Date in each year and hosted on the Manager's website at [www.barings.com](http://www.barings.com). Annual and semi-annual reports will be sent to the Irish Stock Exchange. Copies of the latest annual and semi-annual accounts may also be obtained at the registered office of the Managers and the Investment Manager.

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## Trust Deed

Copies of the Trust Deed may be obtained from the Managers, the Depositary, the Investment Manager or the Paying Agents or may be inspected during normal working hours at the offices of the Managers, the Depositary, the Investment Manager or the Paying Agents free of charge.

Subject to the prior approval of the Central Bank, the Depositary and the Managers may modify or add to the provisions of the Trust Deed if the Depositary is satisfied that the modification or addition either (a) does not materially prejudice the interests of the Unitholders, does not operate to release to any material extent the Depositary or the Managers or any other person from any responsibility to the Unitholders and will not increase the costs and charges payable out of the Unit Trust or (b) is necessary for compliance with any fiscal, statutory or official requirements or (c) is solely for the purpose of enabling Units to be issued in bearer form.

Any other modification or addition requires, in addition, the approval of an Extraordinary Resolution (as described under "Meetings of Unitholders") of a meeting of Unitholders or of the relevant Class of Unitholders. No modification or addition may impose on any Unitholder any obligation to make a further payment or to accept any liability in respect of his Units.

## Charges and Expenses

The following fees and expenses are applicable to each Fund. Save as otherwise stated below or in the Trust Deed, any increase in fees up to the maximum rate specified shall be subject to at least one month's prior notice.

### Fund Charges and Expenses

#### Managers

The Managers are entitled under the Trust Deed to charge a management fee at the rates per annum specified below (or such higher percentage per annum as may be approved by an Extraordinary Resolution of Unitholders of the relevant Class) of the Net Asset Value of each Fund, provided however, the management fee in respect of each Class may be increased up to the maximum rate specified below, upon prior notification to Unitholders and as disclosed in this Prospectus. The management fee is payable monthly in arrears and will be calculated by reference to the Net Asset Value of each Fund attributable to the relevant Class as at each day as at which the Net Asset Value of the relevant Fund and the relevant Class is calculated.

Fund and Class	Current Management Fee	Maximum Permitted Management Fee
<b>Baring ASEAN Frontiers Fund</b>		
Class A AUD Hedged Acc	1.25%	1.25%
Class A CHF Hedged Acc	1.25%	1.25%
Class A EUR Acc	1.25%	1.25%
Class A EUR Inc	1.25%	1.25%
Class A GBP Inc	1.25%	1.25%
Class A RMB Hedged Acc	1.25%	1.25%
Class A USD Acc	1.25%	1.25%
Class A USD Inc	1.25%	1.25%
Class D GBP Inc	1.00%	1.25%
Class I CHF Hedged Acc	0.75%	1.25%
Class I EUR Acc	0.75%	1.25%
Class I GBP Acc	0.75%	1.25%
Class I GBP Inc	0.75%	1.25%
Class I USD Acc	0.75%	1.25%
Class R GBP Inc	0.75%	1.25%
<b>Baring Asia Growth Fund</b>		
Class A AUD Hedged Acc	1.25%	1.25%
Class A CHF Hedged Acc	1.25%	1.25%
Class A EUR Acc	1.25%	1.25%
Class A EUR Inc	1.25%	1.25%
Class A GBP Inc	1.25%	1.25%
Class A RMB Hedged Acc	1.25%	1.25%
Class A USD Acc	1.25%	1.25%
Class A USD Inc	1.25%	1.25%
Class D GBP Inc	1.00%	1.25%
Class I CHF Hedged Acc	0.75%	1.25%
Class I EUR Acc	0.75%	1.25%
Class I GBP Acc	0.75%	1.25%
Class I GBP Inc	0.75%	1.25%
Class I USD Acc	0.75%	1.25%

# BARING INTERNATIONAL UMBRELLA FUND

Class R GBP Inc	0.75%	1.25%
<b>Baring Australia Fund</b>		
Class A AUD Inc	1.25%	1.25%
Class A EUR Acc	1.25%	1.25%
Class A EUR Inc	1.25%	1.25%
Class A GBP Inc	1.25%	1.25%
Class A RMB Hedged Acc	1.25%	1.25%
Class A USD Inc	1.25%	1.25%
Class D GBP Inc	1.00%	1.25%
Class I AUD Acc	0.75%	1.25%
Class I EUR Acc	0.75%	1.25%
Class I GBP Acc	0.75%	1.25%
Class I GBP Inc	0.75%	1.25%
Class I USD Acc	0.75%	1.25%
Class R GBP Inc	0.75%	1.25%
<b>Baring Europa Fund</b>		
Class A EUR Acc	1.25%	1.25%
Class A EUR Inc	1.25%	1.25%
Class A RMB Hedged Acc	1.25%	1.25%
Class A USD Inc	1.25%	1.25%
Class C EUR Inc	1.25%	1.25%
Class C USD Inc	1.25%	1.25%
Class D GBP Inc	1.00%	1.25%
Class I EUR Acc	0.75%	1.25%
Class I GBP Inc	0.75%	1.25%
Class I USD Acc	0.75%	1.25%
Class R GBP Inc	0.75%	1.25%
<b>Baring Hong Kong China Fund</b>		
Class A EUR Acc	1.25%	1.25%
Class A EUR Inc	1.25%	1.25%
Class A GBP Inc	1.25%	1.25%
Class A HKD Inc	1.25%	1.25%
Class A RMB Hedged Acc	1.25%	1.25%
Class A USD Acc	1.25%	1.25%
Class A USD Inc	1.25%	1.25%
Class C EUR Inc	1.25%	1.25%
Class C USD Inc	1.25%	1.25%
Class D GBP Inc	1.00%	1.25%
Class I EUR Acc	0.75%	1.25%
Class I GBP Acc	0.75%	1.25%
Class I GBP Inc	0.75%	1.25%
Class I USD Acc	0.75%	1.25%
Class R GBP Inc	0.75%	1.25%
<b>Baring International Bond Fund</b>		
Class A EUR Inc	0.75%	0.75%
Class A GBP Inc	0.75%	0.75%
Class A RMB Hedged Inc Monthly	0.75%	0.75%
Class A USD Inc	0.75%	0.75%
Class D GBP Inc	0.75%	0.75%
Class I EUR Acc	0.50%	0.75%

Class I GBP Acc	0.50%	0.75%
Class I GBP Inc	0.50%	0.75%
Class I USD Acc	0.50%	0.75%
Class R GBP Inc	0.50%	0.75%

In relation to investment by a Fund in a collective investment scheme managed (i) directly or by delegation by the Managers or (ii) by another company with which the Managers is linked by common management and control or by a direct or indirect holding of more than 10% of the capital or voting rights of such company (collectively referred to as "Related Funds"), the following conditions will apply:

- (a) no subscription, conversion or redemption fees on account of the Fund's investment in the Related Fund may be charged;
- (b) no management fee may be charged at the level of the Related Fund; and
- (c) where a commission (including a related commission) is received by the Managers or Investment Manager by virtue of their investment in the Related Fund, the commission must be repaid into the property of the relevant Fund.

## Investment Management

The Managers will discharge the fees and expenses of the Investment Manager for the discretionary management of the assets of the Unit Trust out of its management fee.

## Depositary

The Depositary is entitled under the Trust Deed to receive out of the assets of the Unit Trust an annual fee of up to 0.025% of the Net Asset Value of each Fund.

The Depositary fee will be accrued daily and paid monthly in arrears. In addition the Depositary will also charge account maintenance fees as well as a transaction fee per security transaction and safekeeping fees, which shall be at normal commercial rates. Any sub-custodian fees will be charged at normal commercial rates. The Depositary is entitled to be reimbursed all fees and charges of custodians and sub-custodians appointed by it and all other out-of-pocket expenses incurred by it.

## Administration

The Managers are entitled under the Trust Deed to receive an administration fee (in addition to the management fee) for the account of the Managers out of the assets of the Unit Trust at the rate of 0.45% per annum of the Net Asset Value of each Fund calculated by reference to the daily calculation of Net Asset Values and paid monthly in arrears. The administration fee will be subject to a minimum of £30,000 per annum for all Funds except the Baring Australia Fund and Baring Europa Fund for which the minimum will be £20,000 per annum for each Fund. The Managers will pay the fees of the Administrator and Registrar out of this administration fee. The Administrator and Registrar are entitled to be reimbursed certain of their out-of-pocket expenses out of the assets of the Unit Trust.

As exceptions to the above standard rate, the administration fee for Class I Units of all the Funds other than the Baring Asia Growth Fund is 0.25% per annum of the Net Asset Value attributable to the Class, and the administration fee for Class I Units of the Baring Asia Growth Fund is 0.35% per annum of the Net Asset Value attributable to the Class.

## General Expenses

The Depositary will pay out of the assets of the Unit Trust the above fees and expenses, stamp duties, taxes, brokerage or other expenses of acquiring and disposing of investments, the fees and expenses of the auditors, listing fees and legal expenses of the Managers and the cost of establishing, maintaining and registering the Unit Trust and the Units with any governmental or regulatory authority or with any regulated market deemed appropriate by the Managers from time to time. The costs of printing and distributing reports, accounts and any Prospectus, publishing prices and any costs incurred as a result of a change in law or the introduction of any new law (including any costs incurred as a result of compliance with any code relating to Unit Trusts, whether or not having the force of law) will also be paid out of the assets of the Unit Trust.

Expenses will be charged to the Fund in respect of which they were incurred or, where an expense is not considered by the Depositary to be attributable to any one Fund, the expense will normally be allocated by the Depositary to all Funds pro rata to the Net Asset Value of the relevant Funds.

## Paying Agents

Local laws/regulations in EEA Member States may require the appointment of paying agents/ representatives/ distributors/ correspondent banks ("Paying Agents") and maintenance of accounts by such Paying Agents through which subscription and realisation monies or distributions may be paid. Unitholders who choose or are obliged under local regulations to pay or receive subscription or realization monies or distributions via an intermediate entity rather than directly to or from the Depositary (e.g. a Paying Agent in a local jurisdiction) bear a credit risk against that intermediate entity with respect to (a) subscription monies prior to the transmission of such monies to the Depositary for the account of the Unit Trust or the relevant Fund and (b) realization and/or distribution monies payable by such intermediate entity to the relevant Unitholder. Fees and expenses of Paying Agents appointed by the Managers on behalf of the Unit Trust or a Fund which will be at normal commercial rates will be borne by the Unit Trust or the Fund in respect of which Paying Agent has been appointed. All Unitholders of the Unit Trust or the Fund on whose behalf a Paying Agent is appointed may avail of the services provided by Paying Agents appointed by the Managers on behalf of the Unit Trust.

## Commissions / Brokerage

The Managers and any duly appointed delegate of the Managers are entitled under the Trust Deed to charge commissions and/or brokerage on transactions effected by them as agents for the Unit Trust.

Where the Managers or any duly appointed delegate of the Managers successfully negotiates the recapture of a portion of the commissions charged by brokers or dealers in connection with the purchase and/or sale of securities for a Fund, the rebated commission shall be paid to the Fund. The Fund will generally pay brokerage at customary institutional brokerage rates. Transactions of the Fund may be entered into through associates of the Managers.

The Managers and their associates will not receive cash or other rebates from brokers or dealers in respect of transactions for the Fund. The Investment manager, as part of providing investment management services to the Funds, has entered into arrangements with certain brokers under which a proportion of the commission paid to them on equity transactions may be used to pay for execution and/or research services provided by the broker and/or a third party to the Fund. Any such arrangements will be disclosed in the Unit Trust's periodic report and accounts. Further information is available from the Manager on request. Execution of transactions for the Fund will be consistent with best execution standards.

## Charges deducted from Capital

Each Fund normally pays its management fee and other fees and expenses out of income. However, where insufficient income is available, investors should note that the Managers may provide for a Fund to pay some or all of its management fee and other fees and expenses out of capital and out of both realised and unrealised capital gains less realised and unrealised capital losses.

## **Unitholder Fees**

### Preliminary Charge

The Managers may add to the Dealing Price a Preliminary Charge (not exceeding 6% (or such higher amount as may be approved by an Extraordinary Resolution) of such price), which will be retained by the Managers and out of which the Managers may pay commission to authorised agents. It is the intention of the Managers that the Preliminary Charge should not, however, until further notice, exceed 5% of such price. No Preliminary Charge shall be levied in respect of subscription for Class C or Class I Units.

The Managers are also entitled to add to the Dealing Price for their own account, a charge sufficient to cover amounts paid by them on account of stamp duties and taxation in respect of the issue of Units and may also add a charge (not exceeding 1% of the Net Asset Value per Unit) for the account of the relevant Fund in respect of fiscal and purchase charges. It is not, however, the intention of the Managers to make any such additions in normal circumstances.

### Distributor Fee

Class C Units shall also pay a distributor fee of 1% per annum of the Net Asset Value of the Fund attributable to the Classes. Such fee when applied will be payable to the distributor who has been appointed as a distributor pursuant to a placing agency agreement between the Managers or their delegate and the relevant distributor. The distributor fee shall be accrued daily and is payable quarterly in arrears.

### Realisation Charge

The Managers are entitled under the Trust Deed, in calculating the Dealing Price, to deduct from the Net Asset Value per Unit for the account of the appropriate Fund a charge (not exceeding 1% of such Dealing Price) to meet duties and

charges incurred in realising assets to provide monies to meet the redemption request but it is not the intention of the Managers to make any deduction in respect of such duties and charges in normal circumstances, other than in respect of the Class C Units for which a charge of 1% of the Dealing Price attributable to the Class C Unit may be applied at the discretion of the Managers or its delegate.

## Conversion Charge

The Preliminary Charge and any other charges normally made on the issue of Units will not normally be made on a conversion but the Managers are entitled to make any such charges at their discretion.

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## Taxation

### General

The following statements are not exhaustive and do not constitute legal or tax advice. Prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, switching or disposing of Units under the laws of the jurisdictions in which they may be subject to tax.

Prospective Unitholders should familiarise themselves with and, where appropriate, take advice on the laws and regulations (such as those relating to taxation and exchange controls) applicable to the subscription for, and the holding and realisation of, Units in the places of their citizenship, incorporation, residence and domicile.

If the Unit Trust becomes liable to account for tax in any jurisdiction in the event that a Unitholder or beneficial owner of a Unit were to receive a distribution in respect of his/her Units or to dispose (or deemed to have disposed) of his/her Units in any way ("Chargeable Event"), the Managers shall be entitled to deduct from the payment arising on a Chargeable Event an amount equal to the appropriate tax and/or where applicable, to appropriate, cancel or compulsorily repurchase such number of Units held by the Unitholder or such beneficial owner as are required to meet the amount of tax. The relevant Unitholder shall indemnify and keep the Unit Trust indemnified against loss arising to the Unit Trust by reason of the Unit Trust becoming liable to account for tax in any jurisdiction on the happening of a Chargeable Event if no such deduction, appropriation, cancellation or compulsory repurchase has been made.

Dividends, interest and capital gains (if any) which the Unit Trust receives with respect to its investments (other than securities of Irish issuers) may be subject to taxes, including withholding taxes, in the countries in which the issuers of investments are located. It is anticipated that the Unit Trust may not be able to benefit from reduced rates of withholding tax in double taxation agreements between Ireland and such countries. If this position changes in the future and the application of a lower rate results in a repayment to the Unit Trust the Net Asset Value will not be restated and the benefit will be allocated to the existing Unitholders rateably at the time of repayment.

### Irish Tax Considerations

The Managers have been advised that on the basis that the Unit Trust is resident in Ireland for taxation purposes the taxation position of the Unit Trust and the Unitholders is as set out below.

### Definitions

For the purposes of this section, the following definitions shall apply.

#### **"Irish Resident"**

in the case of:-

- an individual, means an individual who is resident in Ireland for tax purposes.
- a trust, means a trust that is resident in Ireland for tax purposes.
- a company, means a company that is resident in Ireland for tax purposes.

An individual will be regarded as being resident in Ireland for a tax year if he/she is present in Ireland: (1) for a period of at least 183 days in that tax year; or (2) for a period of at least 280 days in any two consecutive tax years, provided that the individual is present in Ireland for at least 31 days in each period. In determining days present in Ireland, an individual is deemed to be present if he/she is present in Ireland at any time during the day. This new test takes effect from 1 January 2009 (previously in determining days present in Ireland an individual was deemed to be present if he/she was in Ireland at the end of the day (midnight)).

A trust will generally be Irish resident where the trustee is resident in Ireland or a majority of the trustees (if more than one) are resident in Ireland.

A company which has its central management and control in Ireland is resident in Ireland irrespective of where it is incorporated. A company which does not have its central management and control in Ireland but which is incorporated in Ireland is resident in Ireland except where:-

- the company or a related company carries on a trade in Ireland, and either the company is ultimately controlled by persons resident in EU Member States or in countries with which Ireland has a double taxation treaty, or the company or a related company are quoted companies on a recognised Stock Exchange in the EU or in a treaty country under a double taxation treaty between Ireland and that country. This exception does not apply where it would result in an Irish incorporated company that is managed and controlled in a relevant territory (other than Ireland), but would not be resident in that relevant territory as it is not incorporated there, not being resident for tax purposes in any territory.  
or
- the company is regarded as not resident in Ireland under a double taxation treaty between Ireland and another country.

The Finance Act 2014 amended the above residency rules for companies incorporated on or after 1 January 2015. These new residency rules will ensure that companies incorporated in Ireland and also companies not so incorporated but that are managed and controlled in Ireland, will be tax resident in Ireland except to the extent that the company in question is, by virtue of a double taxation treaty between Ireland and another country, regarded as resident in a territory other than Ireland (and thus not resident in Ireland). For companies incorporated before this date these new rules will not come into effect until 1 January 2021 (except in limited circumstances).

It should be noted that the determination of a company's residence for tax purposes can be complex in certain cases and prospective investors are referred to the specific legislative provisions that are contained in Section 23A of the Taxes Act.

### **“Ordinarily Resident in Ireland”**

in the case of

- an individual, means an individual who is ordinarily resident in Ireland for tax purposes
- a trust, means a trust that is ordinarily resident in Ireland for tax purposes.

An individual will be regarded as ordinarily resident for a particular tax year if he/she has been Irish Resident for the three previous consecutive tax years (i.e. he/she becomes ordinarily resident with effect from the commencement of the fourth tax year). An individual will remain ordinarily resident in Ireland until he/she has been non-Irish Resident for three consecutive tax years. Thus, an individual who is resident and ordinarily resident in Ireland in the tax year 1 January 2016 to 31 December 2016 and departs from Ireland in that tax year will remain ordinarily resident up to the end of the tax year 1 January 2019 to 31 December 2019.

The concept of a trust's ordinary residence is somewhat obscure and linked to its tax residence.

### **“Exempt Irish Investor”**

means

- a pension scheme which is an exempt approved scheme within the meaning of Section 774 of the Taxes Act or a retirement annuity contract or a trust scheme to which Section 784 or 785 of the Taxes Act applies;
- a company carrying on life business within the meaning of Section 706 of the Taxes Act;
- an investment undertaking within the meaning of Section 739B(1) of the Taxes Act;
- a special investment scheme within the meaning of Section 737 of the Taxes Act;
- a charity being a person referred to in Section 739D(6)(f)(i) of the Taxes Act;
- a unit trust to which Section 731(5)(a) of the Taxes Act applies;
- a qualifying fund manager within the meaning of Section 784A(1)(a) of the Taxes Act where the Units held are assets of an approved retirement fund or an approved minimum retirement fund;
- a qualifying management company within the meaning of Section 739B of the Taxes Act;
- an investment limited partnership within the meaning of Section 739J of the Taxes Act;
- a personal retirement savings account (“PRSA”) administrator acting on behalf of a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 787I of the Taxes Act and the Units are assets of a PRSA;
- a credit union within the meaning of Section 2 of the Credit Union Act, 1997;
- the National Asset Management Agency;

- the National Treasury Management Agency or a fund investment vehicle (within the meaning of section 37 of the National Treasury Management Agency (Amendment) Act 2014) of which the Minister for Finance is the sole beneficial owner, or the State acting through the National Treasury Management Agency;
- 
- a company which is within the charge to corporation tax in accordance with Section 110(2) of the Taxes Act in respect of payments made to it by the Unit Trust; or
- any other Irish Resident or persons who are Ordinarily Resident in Ireland who may be permitted to own Units under taxation legislation or by written practice or concession of the Revenue Commissioners without giving rise to a charge to tax in the Unit Trust or jeopardising tax exemptions associated with the Fund giving rise to a charge to tax in the Unit Trust;

provided that they have correctly completed the Relevant Declaration.

### **“Intermediary”**

means a person who:-

- carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons; or
- holds units in an investment undertaking on behalf of other persons.

### **“Recognised Clearing System”**

means any clearing system listed in Section 246A of the Taxes Act (including, but not limited to, Euroclear, Clearstream Banking AG, Clearstream Banking SA and CREST) or any other system for clearing units which is designated for the purposes of Chapter 1A in Part 27 of the Taxes Act, by the Irish Revenue Commissioners, as a recognised clearing system.

### **“Relevant Declaration”**

means the declaration relevant to the Unitholder as set out in Schedule 2B of the Taxes Act.

### **“Relevant Period”**

means a period of 8 years beginning with the acquisition of a Unit by a Unitholder and each subsequent period of 8 years beginning immediately after the preceding relevant period.

### **“Taxes Act”**

means the Taxes Consolidation Act, 1997 (of Ireland) as amended.

### **Taxation of the Unit Trust**

The Unit Trust shall be regarded as resident in Ireland for tax purposes if the Depositary of the Unit Trust is regarded as tax resident in Ireland. It is the intention of the Manager that the business of the Unit Trust will be conducted in such a manner as to ensure that it is Irish resident for tax purposes.

The Manager have been advised that the Unit Trust qualifies as an investment undertaking as defined in Section 739B (1) of the Taxes Act. Under current Irish law and practice, the Unit Trust is not chargeable to Irish tax on its income and gains.

However, tax can arise on the happening of a “chargeable event” in the Unit Trust. A chargeable event includes any distribution payments to Unitholders or any encashment, redemption, cancellation, transfer or deemed disposal (a deemed disposal will occur at the expiration of a Relevant Period) or the appropriation or cancellation of Units of a Unitholder by the Unit Trust for the purposes of meeting the amount of tax payable on a gain arising on a transfer. of Units. No tax will arise on the Unit Trust in respect of chargeable events in respect of a Unitholder who is neither Irish Resident nor Ordinarily Resident in Ireland at the time of the chargeable event provided that a Relevant Declaration is in place and the Unit Trust is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct. In the absence of either a Relevant Declaration or the Unit Trust satisfying and availing of equivalent measures (see paragraph headed “*Equivalent Measures*” below) there is a presumption that the investor is Irish Resident or Ordinarily Resident in Ireland. A chargeable event does not include:



- An exchange by a Unitholder, effected by way of an arms length bargain where no payment is made to the Unitholder, of Units in the Unit Trust for other Units in the Unit Trust;
- Any transactions (which might otherwise be a chargeable event) in relation to units held in a Recognised Clearing System as designated by order of the Irish Revenue Commissioners;
- A transfer by a Unitholder of the entitlement to a Unit where the transfer is between spouses and former spouses, subject to certain conditions; or
- An exchange of Units arising on a qualifying amalgamation or reconstruction (within the meaning of Section 739H of the Taxes Act) of the Unit Trust with another investment undertaking.

If the Unit Trust becomes liable to account for tax if a chargeable event occurs, the Unit Trust shall be entitled to deduct from the payment arising on a chargeable event an amount equal to the appropriate tax and/or where applicable, to appropriate or cancel such number of Units held by the Unitholder or the beneficial owner of the Units as are required to meet the amount of tax. The relevant Unitholder shall indemnify and keep the Unit Trust indemnified against loss arising to the Unit Trust by reason of the Unit Trust becoming liable to account for tax on the happening of a chargeable event if no such deduction, appropriation or cancellation has been made.

Dividends received by the Unit Trust from investment in Irish equities may be subject to Irish dividend withholding tax at the standard rate of income tax (currently 20%). However, the Unit Trust can make a declaration to the payer that it is a collective investment undertaking beneficially entitled to the dividends which will entitle the Unit Trust to receive such dividends without deduction of Irish dividend withholding tax.

## **Stamp Duty**

No stamp duty is payable in Ireland on the issue, transfer, repurchase or redemption of Units in the Unit Trust. Where any subscription for or redemption of Units is satisfied by the in specie transfer of securities, property or other types of assets, Irish stamp duty may arise on the transfer of such assets.

No Irish stamp duty will be payable by the Unit Trust on the conveyance or transfer of stock or marketable securities provided that the stock or marketable securities in question have not been issued by a company registered in Ireland and provided that the conveyance or transfer does not relate to any immovable property situated in Ireland or any right over or interest in such property or to any stocks or marketable securities of a company (other than a company which is an investment undertaking within the meaning of Section 739B (1) of the Taxes Act or a "qualifying company" within the meaning of Section 110 of the Taxes Act ) which is registered in Ireland.

## **Unitholders Tax**

### *Units which are held in a Recognised Clearing System*

Any payments to a Unitholder or any encashment, redemption, cancellation or transfer of Units held in a Recognised Clearing System will not give rise to a chargeable event in the Unit Trust (there is however ambiguity in the legislation as to whether the rules outlined in this paragraph with regard to Units held in a Recognised Clearing System, apply in the case of chargeable events arising on a deemed disposal therefore, as previously advised, Unitholders should seek their own tax advice in this regard). Thus the Unit Trust will not have to deduct any Irish taxes on such payments regardless of whether they are held by Unitholders who are Irish Residents or Ordinarily Resident in Ireland, or whether a non-resident Unitholder has made a Relevant Declaration. However, Unitholders who are Irish Resident or Ordinarily Resident in Ireland or who are not Irish Resident or Ordinarily Resident in Ireland but whose Units are attributable to a branch or agency in Ireland may still have a liability to account for Irish tax on a distribution or encashment, redemption or transfer of their Units.

To the extent any Units are not held in a Recognised Clearing System at the time of a chargeable event (and subject to the discussion in the previous paragraph relating to a chargeable event arising on a deemed disposal), the following tax consequences will typically arise on a chargeable event.

### *Unitholders who are neither Irish Residents nor Ordinarily Resident in Ireland*

The Unit Trust will not have to deduct tax on the occasion of a chargeable event in respect of a Unitholder if (a) the Unitholder is neither Irish Resident nor Ordinarily Resident in Ireland, (b) the Unitholder has made a Relevant Declaration on or about the time when the Units are applied for or acquired by the Unitholder and (c) the Unit Trust is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct. In the absence of either a Relevant Declaration (provided in a timely manner) or the Unit Trust satisfying and availing of equivalent measures (see paragraph headed "*Equivalent Measures*" below) tax will arise on the happening of a chargeable event in the Unit Trust regardless of the fact that a Unitholder is neither Irish Resident nor Ordinarily Resident in Ireland. The appropriate tax that will be deducted is as described below.

To the extent that a Unitholder is acting as an Intermediary on behalf of persons who are neither Irish Resident nor Ordinarily Resident in Ireland no tax will have to be deducted by the Unit Trust on the occasion of a chargeable event

provided that either (i) the Unit Trust satisfied and availed of the equivalent measures or (ii) the Intermediary has made a Relevant Declaration that he/she is acting on behalf of such persons and the Unit Trust is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct.

Unitholders who are neither Irish Resident nor Ordinarily Resident in Ireland and either (i) the Unit Trust has satisfied and availed of the equivalent measures or (ii) such Unitholders have made Relevant Declarations in respect of which the Unit Trust is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct, will not be liable to Irish tax in respect of income from their Units and gains made on the disposal of their Units. However, any corporate Unitholder which is not Irish Resident and which holds Units directly or indirectly by or for a trading branch or agency in Ireland will be liable to Irish tax on income from their Units or gains made on disposals of the Units.

Where tax is withheld by the Unit Trust on the basis that no Relevant Declaration has been filed with the Unit Trust by the Unitholder, Irish legislation provides for a refund of tax only to companies within the charge to Irish corporation tax, to certain incapacitated persons and in certain other limited circumstances.

#### *Unitholders who are Irish Residents or Ordinarily Resident in Ireland*

Unless a Unitholder is an Exempt Irish Investor and makes a Relevant Declaration to that effect and the Unit Trust is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct or unless the Units are purchased by the Courts Service, tax at the rate of 41% (25% where the Unitholder is a company and an appropriate declaration is in place) will be required to be deducted by the Unit Trust from a distribution (where payments are made annually or at more frequent intervals) to a Unitholder who is Irish Resident or Ordinarily Resident in Ireland. Similarly, tax at the rate of 41% (25% where the Unitholder is a company and an appropriate declaration is in place) will have to be deducted by the Unit Trust on any other distribution or gain arising to the Unitholder (other than an Exempt Irish Investor who has made a Relevant Declaration) on an encashment, redemption, cancellation, transfer or deemed disposal (see below) of Units by a Unitholder who is Irish Resident or Ordinarily Resident in Ireland.

The Finance Act 2006 introduced rules (which were subsequently amended by the Finance Act 2008) in relation to an automatic exit tax for Unitholders who are Irish Resident or Ordinarily Resident in Ireland in respect of Units held by them in the Unit Trust at the ending of a Relevant Period. Such Unitholders (both companies and individuals) will be deemed to have disposed of their Units ("deemed disposal") at the expiration of that Relevant Period and will be charged to tax at the rate of 41% (25% where the Unitholder is a company and an appropriate declaration is in place) on any deemed gain (calculated without the benefit of indexation relief) accruing to them based on the increased value (if any) of the Units since purchase or since the previous exit tax applied, whichever is later.

For the purposes of calculating if any further tax arises on a subsequent chargeable event (other than chargeable events arising from the ending of a subsequent Relevant Period or where payments are made annually or at more frequent intervals), the preceding deemed disposal is initially ignored and the appropriate tax calculated as normal. Upon calculation of this tax, credit is immediately given against this tax for any tax paid as a result of the preceding deemed disposal. Where the tax arising on the subsequent chargeable event is greater than that which arose on the preceding deemed disposal, the Unit Trust will have to deduct the difference. Where the tax arising on the subsequent chargeable event is less than that which arose on the preceding deemed disposal, the Unit Trust will refund the Unitholder for the excess (subject to the paragraph headed "15% threshold" below).

#### 10% Threshold

The Unit Trust will not have to deduct tax ("exit tax") in respect of this deemed disposal where the value of the chargeable units (i.e. those Units held by Unitholders to whom the declaration procedures do not apply) in the Unit Trust (or in the -Fund, being an umbrella scheme) is less than 10% of the value of the total Units in the Unit Trust (or in the sub-fund) and the Unit Trust has made an election to report certain details in respect of each affected Unitholder to Revenue (the "Affected Unitholder") in each year that the de minimus limit applies. In such a situation the obligation to account for the tax on any gain arising on a deemed disposal will be the responsibility of the Unitholder on a self assessment basis ("self-assessors") as opposed to the Unit Trust or Fund (or their service providers). The Unit Trust is deemed to have made the election to report once it has advised the Affected Unitholders in writing that it will make the required report.

#### 15 % Threshold

As previously stated where the tax arising on the subsequent chargeable event is less than that which arose on the preceding deemed disposal (e.g. due to a subsequent loss on an actual disposal), the Unit Trust will refund the Unitholder the excess. Where however immediately before the subsequent chargeable event, the value of chargeable units in the Unit Trust (or in the Fund, being an umbrella scheme) does not exceed 15% of the value of the total Units, the Unit Trust (or sub-fund) may elect to have any excess tax arising repaid directly by Revenue to the Unitholder. The Unit Trust is deemed to have made this election once it notifies the Unitholder in writing that any repayment due will be made directly by Revenue on receipt of a claim by the Unitholder.

## *Other*

To avoid multiple deemed disposal events for multiple units an irrevocable election under Section 739D(5B) can be made by the Unit Trust to value the Units held at the 30th June or 31st December of each year prior to the deemed disposal occurring. While the legislation is ambiguous, it is generally understood that the intention is to permit a fund to group units in six month batches and thereby make it easier to calculate the exit tax by avoiding having to carry out valuations at various dates during the year resulting in a large administrative burden.

The Irish Revenue Commissioners have provided updated investment undertaking guidance notes which deal with the practical aspects of how the above calculations/objectives will be accomplished.

Unitholders (depending on their own personal tax position) who are Irish Resident or Ordinarily Resident in Ireland may still be required to pay tax or further tax on a distribution or gain arising on an encashment, redemption, cancellation, transfer or deemed disposal of their Units. Alternatively they may be entitled to a refund of all or part of any tax deducted by the Unit Trust on a chargeable event.

## *Equivalent Measures*

The Finance Act 2010 ("Act") introduced measures commonly referred to as equivalent measures to amend the rules with regard to Relevant Declarations. The position prior to the Act was that no tax would arise on an investment undertaking with regard to chargeable events in respect of a Unitholder who was neither Irish Resident nor Ordinarily Resident in Ireland at the time of the chargeable event, provided that a Relevant Declaration was in place and the investment undertaking was not in possession of any information which would reasonably suggest that the information contained therein was no longer materially correct. In the absence of a Relevant Declaration there was a presumption that the investor was Irish Resident or Ordinarily Resident in Ireland. The Act however contained provisions that permit the above exemption in respect of unitholders who are not Irish Resident nor Ordinarily Resident in Ireland to apply where the investment undertaking is not actively marketed to such investors and appropriate equivalent measures are put in place by the investment undertaking to ensure that such unitholders are not Irish Resident nor Ordinarily Resident in Ireland and the investment undertaking has received approval from the Revenue Commissioners in this regard.

## *Personal Portfolio Investment Undertaking*

The Finance Act 2007 introduced new provisions regarding the taxation of Irish Resident individuals or Ordinarily Resident in Ireland individuals who hold units in investment undertakings. These provisions introduced the concept of a personal portfolio investment undertaking ("PPIU"). Essentially, an investment undertaking will be considered a PPIU in relation to a specific investor where that investor can influence the selection of some or all of the property held by the investment undertaking either directly or through persons acting on behalf of or connected to the investor. Depending on individuals' circumstances, an investment undertaking may be considered a PPIU in relation to some, none or all individual investors i.e. it will only be a PPIU in respect of those individuals' who can "influence" selection. Any gain arising on a chargeable event in relation to an investment undertaking which is a PPIU in respect of an individual on or after 20<sup>th</sup> February 2007, will be taxed at the rate of 60%. Specific exemptions apply where the property invested in has been widely marketed and made available to the public or for non-property investments entered into by the investment undertaking. Further restrictions may be required in the case of investments in land or unquoted units deriving their value from land.

## **Capital Acquisitions Tax**

The disposal of Units may be subject to Irish gift or inheritance tax (Capital Acquisitions Tax). However, provided that the Unit Trust falls within the definition of investment undertaking (within the meaning of Section 739B(1) of the Taxes Act), the disposal of Units by a Unitholder is not liable to Capital Acquisitions Tax provided that (a) at the date of the gift or inheritance, the donee or successor is neither domiciled nor Ordinarily Resident in Ireland; (b) at the date of the disposition, the Unitholder disposing ("disponer") of the Units is neither domiciled nor Ordinarily Resident in Ireland; and (c) the Units are comprised in the gift or inheritance at the date of such gift or inheritance and at the valuation date.

With regard to Irish tax residency for Capital Acquisitions Tax purposes, special rules apply for non-Irish domiciled persons. A non-Irish domiciled donee or disponer will not be deemed to be resident or ordinarily resident in Ireland at the relevant date unless;

- i) that person has been resident in Ireland for the 5 consecutive years of assessment immediately preceding the year of assessment in which that date falls; and
- ii) that person is either resident or ordinarily resident in Ireland on that date.

## **United Kingdom ("UK")**

The statements below relate to Unitholders holding shares as an investment (as opposed to as a dealer).<sup>1</sup>

Unless otherwise stated, the following analysis is based on the Unit Trust being treated as fiscally opaque for the purposes of UK taxation.

## *The Unit Trust*

The Depositary, Managers and the Investment Manager intend to conduct the affairs of the Unit Trust so as to minimise, as far as they deem reasonably practicable, any liability of the Unit Trust to UK taxation<sup>2</sup>. The Unit Trust is a UCITS scheme established in Ireland so it is not resident in the UK for tax purposes. Accordingly, provided the Unit Trust does not exercise a trade within the UK or carry on a trade in the UK through a permanent establishment, the Unit Trust should not be subject to UK tax other than on certain UK source income.

It is not expected that the activities of the Unit Trust will be regarded as trading activities for the purposes of UK taxation. However, to the extent that trading activities are carried on in the UK they may in principle be liable to UK tax. The profit from such trading activities will not, based on the UK Finance Act, 2003, be assessed to UK tax provided that the Unit Trust and the Investment Manager meet certain conditions. The Managers and the Investment Manager intend to conduct the affairs of the Unit Trust so that all those conditions are satisfied, so far as those conditions are within their respective control.

Each Unit Class constitutes an offshore fund for the purposes of the UK's special tax regime for offshore funds in the Offshore Funds (Tax) Regulations 2009. Accordingly, the provisions of those regulations are relevant to the taxation of Unitholders in respect of income and gains.

A number of Unit Classes have been certified by the UK tax authority (HM Revenue & Customs or "HMRC") as being "reporting funds" for UK tax purposes. Details of which Unit Classes which have been accepted into the UK Reporting Fund regime are set out in Appendix IV. The up-to-date list may also be viewed on the HMRC website at <https://www.gov.uk/government/publications/offshore-funds-list-of-reporting-funds>.

## *Unitholders*

### *Income*

Unitholders resident in the UK for tax purposes will generally be liable to UK income tax or corporation tax in respect of any distributions paid and any amounts reported to investors as "reportable income" in respect of shares held, subject to their personal circumstances.

Unitholders who are resident in the UK should note that (except in the circumstances described below) the distributions from Funds are assessable to UK income tax as annual payments<sup>3</sup> whether or not such distributions are automatically or otherwise reinvested in further Units in the relevant Fund.

However, if at any point during the annual accounting period of a Fund, it should fail to meet the qualifying investments test (broadly the Fund will fail this test at any time when the market value of its investments in interest-bearing and economically equivalent securities exceeds 60% of the market value of its total investments) then UK resident Unitholders should treat it as a bond fund as described below so that the dividends paid or reported will be interest for income tax purposes and corporate Unitholders should treat their holdings as loan relationships.

Where a dividend is paid or treated as paid to a UK individual, the amount will be treated as interest for UK tax purposes, and the taxpayer will benefit from a personal savings allowance that will exempt the first £1,000 of interest, including amounts taxable as interest, received or deemed to be received by UK resident individuals, from tax in the hands of basic rate taxpayers. The exempt amount will be reduced to £500 for higher rate taxpayers while additional rate taxpayers will not receive an allowance. Above this, UK individual taxpayers will be liable to income tax at 20% in the case of basic rate taxpayers, 40% in the case of higher rate taxpayers or 45% in the case of additional rate taxpayers. No tax credits are available to reduce these effective tax rates.

Corporate shareholders in a bond fund liable to corporation tax should account for their Units (including any dividends received) on a fair value basis in accordance with the loan relationships tax regime.

<sup>1</sup> You may prefer this to go in to the general disclaimer at the beginning of the tax section

<sup>2</sup> This sentence was not in the original corporate version – do you want it in both, neither or just the unit trusts?

<sup>3</sup> This is the technically correct position. It would be open to a unitholder until Brexit to argue that this treatment is discriminatory and they should be taxable as dividends – and many investors will in practice simply treat the payments as dividends – but it would not be appropriate, in my view, to raise these issues here, and I have certainly never seen it raised in this context.

## Gains

Where a Unit Class has had reporting fund status (and, where relevant, previously distributing fund status) throughout the duration of the Unitholder's investment in that Unit Class, any gain on the redemption, sale or other form of disposal of the investment (allowing for a deduction of any amounts reported as income but not actually distributed) will be subject to taxation as a capital gain.

For corporate investors, any amounts charged to tax under the loan relationships regime will not be treated for tax purposes as chargeable gains.

Where a Unit Class has not had reporting fund status (and, where relevant, previously distributing fund status) throughout the duration of the Unitholder's investment in that Unit Class, any gain on the redemption, sale or other form of disposal of the investment (including a deemed disposal on death) will be taxable at the time as income (and be known as an "offshore income gain").

## UK anti-avoidance provisions

The UK tax rules contain a number of anti-avoidance codes that can apply to UK investors in offshore funds in particular circumstances. It is not anticipated that they will normally apply to investors in Units. Any UK taxpaying Unitholder who (together with connected persons) holds over 25% of a Fund should take specific advice.<sup>4</sup>

## Other provisions

Unitholders who are exempt from UK tax on capital gains and income from investments (such as exempt approved pension schemes) will enjoy exemption from UK tax on any income from, and any gains made on the disposal of their Units.

An individual Unitholder domiciled or deemed for UK tax purposes domiciled in the UK may be liable to UK Inheritance Tax on their units in the event of death or on making certain categories of lifetime transfer.<sup>5</sup>

As a Unit Trust constituted under Irish law, the Unit Trust could alternatively be treated as fiscally transparent for UK taxation purposes. If this were to be the case the tax treatment of the Classes of Unit within the Unit Trust would be different from that described above. The principal impact would be that Unitholders resident in the UK would become liable to income tax or corporation tax on their proportionate share of the income of the relevant Class of Unit of the Unit Trust (subject to the deduction of expenses properly incurred and paid by the Managers out of that income) on an arising basis, whether the income is distributed by the Class of Unit, or accumulated on the Unitholder's behalf. However, it should be noted that HMRC has stated that its general view would be that an Irish unit trust should be treated as being opaque for UK taxation purposes.

## European Union Taxation of Savings Income Directive

On 10 November 2015 the Council of the European Union adopted a Council Directive repealing the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as reporting and exchange of information relating to and account for withholding taxes on payments made before those dates). This is to prevent overlap between the Savings Directive and the new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU) (see section entitled "Common Reporting Standards" below).

## Foreign Account Tax Compliance Act ("FATCA")

The foreign account tax compliance provisions ("**FATCA**") of the Hiring Incentives to Restore Employment Act 2010 represent an expansive information reporting regime enacted by the United States ("**US**") aimed at ensuring that Specified US Persons with financial assets outside the US are paying the correct amount of US tax. FATCA will generally impose a withholding tax of up to 30% with respect to certain US source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce US source interest or dividends paid to a foreign financial institution ("**FFI**") unless the FFI enters directly into a contract ("**FFI agreement**") with the US Internal Revenue Service ("**IRS**") or alternatively the FFI is located in a IGA country (please see below). An FFI agreement will impose obligations on the FFI including disclosure of certain information about US investors

<sup>4</sup> This is obviously a much shorter way of dealing with the anti-avoidance codes than in the original. They are most unlikely to be relevant to investors, unless they are specifically using a fund for aggressive tax planning, in which case they will be aware that they are doing so.

<sup>5</sup> IHT is very complex which makes this statement simplistic so personally I would prefer to omit this rather general statement, but such statements appear in a number of offshore fund prospectuses.

directly to the IRS and the imposition of withholding tax in the case of non-compliant investors. For these purposes the Unit Trust would fall within the definition of a FFI for the purpose of FATCA.

In recognition of both the fact that the stated policy objective of FATCA is to achieve reporting (as opposed to being solely the collecting of withholding tax) and the difficulties which may arise in certain jurisdictions with respect to compliance with FATCA by FFIs, the US developed an intergovernmental approach to the implementation of FATCA. In this regard the Irish and US Governments signed an intergovernmental agreement ("**Irish IGA**") on the 21<sup>st</sup> December 2012 and provisions were included in Finance Act 2013 for the implementation of the Irish IGA and also to permit regulations to be made by the Irish Revenue Commissioners with regard to registration and reporting requirements arising from the Irish IGA. In this regard, the Revenue Commissioners (in conjunction with the Department of Finance) have issued Regulations – S.I. No. 292 of 2014 which is effective from 1 July 2014. Supporting Guidance Notes (which will be updated on an ad-hoc basis) were issued by the Irish Revenue Commissioners on 1 October 2014. The most recent version issued is dated 30 May 2016.

The Irish IGA is intended to reduce the burden for Irish FFIs of complying with FATCA by simplifying the compliance process and minimising the risk of withholding tax. Under the Irish IGA, information about relevant US investors will be provided on an annual basis by each Irish FFI (unless the FFI is exempted from the FATCA requirements) directly to the Irish Revenue Commissioners. The Irish Revenue Commissioners will then provide such information to the IRS (by the 30<sup>th</sup> September of the following year) without the need for the FFI to enter into a FFI agreement with the IRS. Nevertheless, the FFI will generally be required to register with the IRS to obtain a Global Intermediary Identification Number commonly referred to as a GIIN.

Under the Irish IGA, FFIs should generally not be required to apply 30% withholding tax. To the extent the Unit Trust does suffer US withholding tax on its investments as a result of FATCA, the Directors of the Manager may take any action in relation to an investor's investment in the Unit Trust ensure that such withholding is economically borne by the relevant investor whose failure to provide the necessary information or to become a participating FFI gave rise to the withholding. The Manager in taking any such action or pursuing any such remedy shall act in good faith, on reasonable grounds and pursuant to applicable laws and regulations

### **Common Reporting Standards**

On 14 July 2014, the OECD issued the Standard for Automatic Exchange of Financial Account Information ("the **Standard**") which therein contains the Common Reporting Standard ("**CRS**"). The subsequent introduction of the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information and the EU Council Directive 2014/107/EU (amending Council Directive 2011/16/EU) provides the international framework for the implementation of the CRS by Participating Jurisdictions. In this regard, the CRS was implemented into Irish law by the inclusion of relevant provisions in Finance Act 2014 and 2015 and the issuance of Regulation S.I. No. 583 of 2015.

The main objective of the CRS is to provide for the annual automatic exchange of certain financial account information between relevant tax authorities of Participating Jurisdictions

The CRS draws extensively on the intergovernmental approach used for the purposes of implementing FATCA and, as such, there are significant similarities between both reporting mechanisms. However, whereas FATCA essentially only requires reporting of specific information in relation to Specified US Persons to the IRS, the CRS has a significantly wider ambit due to the multiple jurisdictions participating in the regime.

Broadly speaking, the CRS will require Irish Financial Institutions to identify Account Holders resident in other Participating Jurisdictions and to report specific information in relation to these Account Holders to the Irish Revenue Commissioners on an annual basis (which, in turn, will provide this information to the relevant tax authorities where the Account Holder is resident). In this regard, please note that the Unit Trust will be considered an Irish Financial Institution for the purposes of the CRS.

For further information on the CRS requirements of the Unit Trust, please refer to the below "Customer Information Notice".

### *Customer Information Notice*

The Unit Trust intends to take such steps as may be required to satisfy any obligations imposed by (i) the Standard and, specifically, the CRS therein or (ii) any provisions imposed under Irish law arising from the Standard or any international law implementing the Standard (to include the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information or the EU Council Directive 2014/107/EU (amending Council Directive 2011/16/EU)) so as to ensure compliance or deemed compliance (as the case may be) with the Standard and the CRS therein from 1 January 2016.

The Unit Trust is obliged under Section 891F and Section 891G of the Taxes Consolidation Act 1997 (as amended) and regulations made pursuant to that section to collect certain information about each Unitholder's tax arrangements.

In certain circumstances the Unit Trust may be legally obliged to share this information and other financial information with respect to a Unitholder's interests in the Unit Trust with the Irish Revenue Commissioners. In turn, and to the extent the account has been identified as a Reportable Account, the Irish Revenue Commissioners will exchange this information with the country of residence of the Reportable Person(s) in respect of that Reportable Account.

In particular, the following information will be reported by the Unit Trust to the Irish Revenue Commissioners in respect of each Reportable Account maintained by the Unit Trust;

- The name, address, jurisdiction of residence, tax identification number and date and place of birth (in the case of an individual) of each Reportable Person that is an Account Holder of the account and, in the case of any Entity that is an Account Holder and that, after application of the due diligence procedures consistent with CRS is identified as having one or more Controlling Persons that is a Reportable Person, the name, address, jurisdiction of residence and tax identification number of the Entity and the name, address, jurisdiction of residence, TIN and date and place of birth of each such Reportable Person.
- The account number (or functional equivalent in the absence of an account number);
- The account balance or value as of the end of the relevant calendar year or other appropriate reporting period or, if the account was closed during such year or period, the date of closure of the account;
- The total gross amount paid or credited to the Account Holder with respect to the account during the calendar year or other appropriate reporting period with respect to which the Reporting Financial Institution is the obligor or debtor, including the aggregate amount of any redemption payments made to the Account Holder during the calendar year or other appropriate reporting period;
- The currency in which each amount is denominated.

Please note that in certain limited circumstances it may not be necessary to report the tax identification number and date of birth of a Reportable Person.

In addition to the above, the Irish Revenue Commissioners and Irish Data Protection Commissioner have confirmed that Irish Financial Institutions (such as the Unit Trust) may adopt the "wider approach" for CRS. This allows the Unit Trust to collect data relating to the country of residence and the tax identification number from all non-Irish resident Unitholders. The Unit Trust can send this data to the Irish Revenue Commissioners who will determine whether the country of origin is a Participating Jurisdiction for CRS purposes and, if so, exchange data with them. Revenue will delete any data for non-Participating Jurisdictions.

The Irish Revenue Commissioners and the Irish Data Protection Commissioner have confirmed that this wider approach can be undertaken for a set 2-3 year period pending the resolution of the final CRS list of Participating Jurisdictions.

Unitholders can obtain more information on the Unit Trust's tax reporting obligations on the website of the Irish Revenue Commissioners (which is available at <http://www.revenue.ie/en/business/aeoi/index.html>) or the following link in the case of CRS only: <http://www.oecd.org/tax/automatic-exchange/>.

All capitalised terms above, unless otherwise defined in this paragraph, shall have the same meaning as they have in the Standard and EU Council Directive 2014/107/EU (as applicable).

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## Subscriptions

Under the Trust Deed the Managers are given the exclusive right to effect for the account of the Unit Trust the issue of Units of any Class and to create, with the consent of the Depositary and the Central Bank, new Classes of Unit and have absolute discretion to accept or reject in whole or in part any application for Units. The initial issue price for each Class of Unit is determined by the Managers. All Units of each Class will rank *pari passu*. Issues of Units are normally made with effect from a Dealing Day against applications received up to 12 noon Irish time on that Dealing Day.

The price at which Units will be issued to any person whose application is received prior to 12 noon Irish time on a Dealing Day, after the initial issue, is calculated by reference to the Net Asset Value per Unit determined as at the Valuation Point on that Dealing Day.

The Managers shall have an absolute discretion to declare any Fund or Class closed to further subscriptions. Existing Unitholders of the relevant Fund or Class will be provided with prior notification of such closure and the Managers

shall also notify distributors and/or placing agents. The Managers may invoke this discretion to close the Fund to further subscriptions where they are satisfied that it will be in the best interests of the Unitholders of a Fund, given the market conditions prevailing at the time. The Managers will have the discretion to re-open the relevant Fund or Class for subscription on any Dealing Day and existing Unitholders will be given advance notification of such re-opening.

Units may not be issued or sold by the Managers during any period when the right of Unitholders to require the realisation of their Units is suspended in the manner described under “Realisation of Units” below. Applicants for Units will be notified of such postponement or cancellation and, unless withdrawn, their applications will be considered as at the next Dealing Day following the ending of such suspension.

All Units shall be in registered form. Unit certificates will not be issued. Registration of the Units comprised in the application will normally be effected within twenty-one days of the Managers receiving the relevant registration details. Ownership is recorded by an entry in the Unit register and an account number is allocated to the investor which will be shown in a registration advice despatched within twenty-one days of the Managers receiving the relevant registration details. Your account number should be quoted in all communications relating to the Fund.

The Net Asset Value per Unit of each Fund will be calculated by the Administrator and notified to the Irish Stock Exchange without delay upon calculation by the Administrator. The calculation of the Net Asset Value per Unit may be suspended when the right of Unitholders to require the realisation of Units is suspended as detailed in “Realisation of Units” in the Prospectus. Any suspension will be notified to the Irish Stock Exchange without delay and where possible all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

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## Application Procedure

The initial offer period of recently available Classes can be found in Appendix IV.

Units for unlaunched Classes are on offer at the latest available Net Asset Value per Unit equivalent to the relevant class of Class A, Class C, Class D, Class I or Class R (adjusted for currency conversion at the prevailing rate). The initial offer period may be shortened or extended by the Managers and the Central Bank will be notified on an annual basis of any extensions.

The Net Asset Value per Unit at which Units will be issued to any person whose application is received prior to 12 noon Irish time on a Dealing Day, after the initial issue, will be calculated by reference to the Valuation Point on that Dealing Day. Subscriptions for certain Units may be subject to a Preliminary Charge up to a maximum of 5% (or such higher amount as may be approved by Extraordinary Resolution). See “Preliminary Charge” in the section entitled “Charges and Expenses” for additional information.

Initial subscriptions must be made on the Application Form and submitted in writing to the Managers c/o the Administrator at the address or facsimile numbers set out under “Enquiries To” at the end of this document. The signed original Application Form together with supporting documentation in relation to anti-money laundering requirements must be received promptly by the Managers. If any of the details that are provided change, including your address, other contact details (e.g. telephone number, email address) or bank account details, please inform the Administrator immediately by letter at the address set out under “Enquiries To” at the end of this document. Failure to do so may cause a delay in processing any subsequent orders. Subsequent subscriptions may be made on the Top Up Form and submitted by facsimile to the Managers c/o the Administrator. In addition, investors can, with the agreement of the Managers, subscribe via electronic messaging services such as EMX or SWIFT. Requests received after 12 noon Irish time on a Dealing Day will be treated as having been received on the following Dealing Day. Applications by facsimile will be treated by the Managers as definitive orders even if not subsequently confirmed in writing and will not be capable of withdrawal after acceptance by the Managers.

The Minimum Investment / Minimum Holding (inclusive of any Preliminary Charge) in respect of each Class is as set out under “Introduction”. The Minimum Investment / Minimum Holding in respect of each Class may be waived at the discretion of the Managers.

The Managers and the Administrator retain the right to seek such evidence of identity from applicants as they deem appropriate to comply with their obligations under anti-money laundering legislation and, in the absence of satisfactory evidence, or for any other reason, to reject any application in whole or in part (as detailed below under the section headed “Anti-Money Laundering and Counter Terrorist Financing Measures”). If an application is rejected the Managers and the Administrator, at the risk of the applicant, may return application moneys or the balance thereof, at the cost of the applicant, by electronic transfer.

Prospective investors should note that by completing the Application Form they are providing to the Managers personal information, which may constitute personal data within the meaning of the Data Protection Legislation. The Managers act as data controller and the Administrator as a data processor for the purposes of relevant data protection legislation and accordingly personal data may be processed, transferred, and/or disclosed by the Funds, its agents,



appointees (including the Administrator, Registrar, transfer agent and Depositary) and associates for the following purposes:

- Subscribing, redeeming, or transferring Units and complying with your instructions in connection therewith;
- Providing ancillary administrative and management services in connection with your investment;
- Analysis of the Funds or Baring Asset Management Group companies services;
- Compliance with anti-money laundering and other foreign and domestic legal regulatory and obligations;
- Monitoring and/or recording of telephone calls and emails in order to detect and prevent fraud and/or to confirm and aid the accurate implementation of your instructions;
- To send you information on other products and service which may be of interest to you (unless you have indicated on the Application Form that you do not wish to receive such information).

Where necessary or consequent upon the way both the Baring Asset Management Group and the Northern Trust Group organise their respective businesses, data may be transferred outside the EEA which may not have the same data protection laws as Ireland.

By signing the Application Form, prospective investors consent to the recording of telephone calls made to and received from investors by the Unit Trust, its delegates, its duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes.

Pursuant to Data Protection Legislation, investors have a right of access to their personal data kept by the Unit Trust and the Unit Trust and the right to amend and rectify any inaccuracies in their personal data held by making a request in writing.

The Managers as data controller and the Administrator as a data processor, within the meaning of Data Protection Legislation, undertake to hold any personal information provided by investors in confidence and in accordance with Data Protection Legislation.

The Administrator may and will hold all or part of the data provided in accordance with applicable laws even after the investor has fully redeemed from the Unit Trust/Fund.

A confirmation note will be sent to each successful applicant. Subscription monies in cleared funds must be received by the Settlement Date. If payment in full in cleared funds has not been received by the Settlement Date, the application may be refused and any allotment or transfer of Units made on the basis thereof cancelled, or, alternatively, the Managers may treat the application as an application for such number of Units as may be purchased or subscribed with such payment. The Managers reserve the right, in the event of non-receipt of cleared funds by the due date and cancellation of a subscription, to charge the applicant for losses accruing. The Managers reserve the right to limit deals without prior receipt of cleared funds.

Payment is normally due in the currency of the relevant Class of the relevant Fund. The Managers may accept payment in other currencies, but such payments will be converted into the currency of the relevant Class of Unit and only the proceeds of such conversion at the prevailing exchange rate (after deducting expenses relating to such conversion) will be applied by the Managers towards payment of the subscription monies. The value of a Unit expressed in the Class currency will be subject to exchange rate risk in relation to the Base Currency of the relevant Fund. The Managers have standing arrangements for subscription monies to be paid by electronic transfer as specified in the Application Form.

Payments by electronic transfer should quote the applicant's name, bank, bank account number, Fund name and confirmation note number (if one has already been issued). Any charges incurred in making payment by electronic transfer will be payable by the applicant.

Should investors prefer to make payment in any currency other than the currency of the relevant Class of Unit they are advised to make direct contact with the Managers.

Fractions of not less than one-thousandth of a Unit may be issued. Application moneys representing smaller fractions of a Unit will not be returned to the applicant but will be retained as part of the relevant Fund's assets.

The Trust Deed also permits the Managers to issue Units at the issue price in consideration of the vesting in the Depositary of investments approved by the Managers.

## **Anti-Money Laundering and Counter Terrorist Financing Measures**

Measures aimed at the prevention of money laundering and terrorist financing require a detailed verification of the investor's identity and where applicable the beneficial owner on a risk sensitive basis. Politically exposed persons ("PEPs"), an individual who is or has, at any time in the preceding year, been entrusted with a prominent public function, and immediate family member, or persons known to close associates of such persons, must also be

identified. By way of example an individual may be required to produce a copy of a passport or identification card together with evidence of his/her address such as a copy of, a utility bill or bank statement and proof of tax residence. In the case of corporate investors, such measures may require production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent), the names, occupations, dates of birth and resident and business address of all directors. Depending on the circumstances of each application, a detailed verification might not be required where for example, the application is made through a relevant third party as such term is defined in the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010. This exception will only apply if the relevant third party referred to above is located within a country recognised in Ireland as having equivalent anti-money laundering and counter terrorist financing regulations and satisfies other applicable conditions such as providing a letter of undertaking confirming that it has carried out the appropriate verification checks on the investor and will retain such information in accordance with the required timeframe and will provide such information on request to the Managers or the Administrator.

The details above are given by way of example only and in that regard the Managers and the Administrator each reserve the right to request any such information or documents as is necessary at the time of application (and also during the business relationship) for Units in a Fund to verify the identity of an investor and where applicable the beneficial owner of an investor. In particular, the Managers and the Administrator each reserve the right to carry out additional procedures in relation to an investor who is classed as a PEP. Verification of the investor's identity is required to take place before the establishment of the business relationship. In any event, evidence of identity is required for all investors as soon as is reasonably practicable after the initial contact. In the event of delay or failure by an investor or applicant to produce any information required for verification purposes, the Managers or the Administrator may refuse to accept the application and subscription monies and return all subscription monies or compulsorily realise such Unitholder's Units and/or payment of realisation proceeds may be delayed (no realisation proceeds will be paid if the Unitholder fails to produce such information)]. None of the Managers, the Investment Manager or the Administrator shall be liable to the subscriber or Unitholder where an application for Units is not processed or Units are compulsorily repurchased or payment of repurchase proceeds is delayed in such circumstances. If an application is rejected, the Administrator may return application monies or the balance thereof by electronic transfer in accordance with any applicable laws to the account from which it was paid at the cost and risk of the applicant. The Managers or the Administrator will refuse to pay realisation proceeds and any such proceeds will be held in the Collection Account where the requisite information for verification purposes has not been produced by a Unitholder.

For existing unit holdings who are compulsorily redeemed, the proceeds of realisation will be held in an Umbrella Cash Account until such time as the Managers or the Administrator have verified the Unitholder's identity to its satisfaction

### *Umbrella Cash Accounts*

In circumstances where Units have been compulsorily repurchased for failure to provide the information required for verification purposes, the proceeds of realisation will be held in an "Umbrella Cash Account" (as described hereafter) and therefore, investors should note that such proceeds shall be treated as an asset of the relevant Fund. An Umbrella Cash Account is an account opened in the name of the Depositary on behalf of the Unit Trust for the purpose of holding realisation proceeds due to an investor which cannot be transferred to the relevant investor. The relevant investor will rank as an unsecured creditor of the relevant Fund until such time as the Managers or the Administrator are satisfied that its anti-money laundering and counter terrorist financing procedures have been fully complied with, following which realisation proceeds will be released. Any such unclaimed monies following a termination of a Fund will also be held in an Umbrella Cash Account (see section headed "Duration of the Unit Trust").

In the event of an insolvency of the relevant Fund or the Unit Trust, there is no guarantee that the relevant Fund or the Unit Trust will have sufficient funds to pay unsecured creditors in full. Investors due realisation proceeds which are held in an Umbrella Cash Account will rank equally with all other unsecured creditors of the relevant Fund and will be entitled to a pro-rata share of monies which are made available to all unsecured creditors by the insolvency practitioner. Therefore in such circumstances, the investor may not recover all monies originally paid into an Umbrella Cash Account for onward transmission to that investor.

Accordingly, investors should ensure that all documentation required by the Managers or Administrator to comply with anti-money laundering and anti-fraud procedures are submitted promptly to the Managers or Administrator when subscribing for Units

The Managers and the Administrator reserve the right to obtain any additional information or documents from investors, at any point during the business relationship and may not carry out a service for the investor until the additional information or documentation is obtained to the satisfaction of the Managers. The Managers and the Administrator cannot rely on third parties to meet this obligation, which remains their ultimate responsibility

## **Realisation of Units**

Requests for the realisation of Units may be made either by facsimile or in writing to the Managers c/o the Administrator at the address or facsimile numbers set out under “Enquiries To” at the end of this document. In addition investors can, with the agreement of the Managers, realise Units via electronic messaging services such as EMX or SWIFT. Realisation requests can be processed on receipt of electronic instructions only where made to the account of record of the Unitholder. No realisation payments shall be made until the original subscription Application Form (and supporting documentation) has been received by the Managers. Units also need to be fully registered and settled before realisation payments can be made.

Applications for the realisation of Units received by the Managers prior to 12 noon Irish time on a Dealing Day will, subject as mentioned in this section, be dealt with by reference to the Net Asset Value per Unit determined as at the Valuation Point on that Dealing Day. Realisation requests received after 12 noon Irish time will be treated as having been received on the following Dealing Day. Requests by fax will be treated by the Managers as definitive orders even if not subsequently confirmed in writing and will not be capable of withdrawal after acceptance by the Managers.

The Managers and the Administrator will withhold payment of the proceeds of redemption and income on Units and may automatically reinvest dividend entitlements until the original signed Application Form has been received from the investor and where it is considered necessary or appropriate to carry out or complete identification procedures in relation to the Unitholder pursuant to a statutory, regulatory, European Union or other obligation.

Instructions for the redemption of Units must be signed by the Unitholder before payment of realisation proceeds can be made. Payment of realisation proceeds will be made in accordance with initial redemption payment instructions as notified to the Managers. If investors wish to make any change in the realisation payment instructions, such change must be by written notice to the Managers signed by the sole Unitholder or all joint Unitholders. The Managers will be deemed to be authorised to act on any realisation instruction received from any person purporting to be the Unitholder and reciting the relevant account number.

Payment of realisation proceeds will be made to the registered Unitholder or in favour of the joint registered Unitholders as appropriate unless the Managers are otherwise instructed in writing by the registered Unitholder or joint registered Unitholders. Amendments to a Unitholder's registration details and payment instructions will only be effected on receipt of original documentation.

Payment of realisation proceeds will be paid by electronic transfer. Any charges incurred in making payment by electronic transfer may be payable by the Unitholder. Arrangements can be made for Unitholders wishing to realise their Units to receive payment in currencies other than the currency of the relevant Class of Unit. In such circumstances the Unitholder is advised to make direct contact with the Managers in order to facilitate payment. The cost of currency conversion and other administrative expenses including electronic transfers may be charged to the Unitholder.

Subject as mentioned above, the amount due on the realisation of Units will be made in the currency of the relevant Class of Unit. Payment will normally be made by the Settlement Date (excluding days when due to public holidays in the relevant country, payments in the currency of the relevant Class of Unit cannot be settled) of the relevant Dealing Day or, if later, four Business Days after receipt by the Managers of a duly signed dealing confirmation by facsimile or in writing (excluding days when due to public holidays in the relevant country, payments in the currency of the relevant Class of Unit cannot be settled). Delayed payment of redemption proceeds can occur where there is a delay in the settlement of the underlying securities in a particular Fund. Such delay will not exceed 10 Business Days from the date of receipt of the realisation request.

Where all relevant documentation and information is held in respect of the Unitholder the realisation proceeds will be paid from the Collection Account to the bank account provided by the Unitholder. Where realisation proceeds are paid but are refused by the Unitholder's receiving bank, the monies will be returned to the Collection Account until valid bank details for the Unitholder are provided.

Partial realisations or conversions of holdings are permitted provided that this will not result in the Unitholder holding a number of Units of a Class of a value which is less than the Minimum Holding for the relevant Class. A registration advice confirming the new Unitholding will be posted to the Unitholder.

### **Realisation Deferral Policy**

The Managers are entitled, with the approval of the Depositary, to limit the number of Units which may be realised on any Dealing Day to 10% of the total number of Units in issue of that Fund (the “Deferral Policy”). The Deferral Policy will apply pro rata amongst all Unitholders seeking to realise Units on the relevant Dealing Day, and in such event, the Managers will carry out such realisations which, in aggregate, amount to 10% of the Units then in issue in the Fund. Where the Managers decide to invoke this Deferral Policy, the excess of Units above 10% which have not been realised will be carried forward until the next Dealing Day and will be realised on the next Dealing Day (subject to a

further operation of the Deferral Policy on the next Dealing Day). If requests for realisation are so carried forward, the Managers will give immediate notice to the Unitholders affected.

### In specie Realisations

Realisation requests will normally be settled in cash. However, the Managers may at their discretion, satisfy any realisation request by in-specie distribution in circumstances where a Unitholder wishes to redeem Units representing 5% or more of the Net Asset Value of any Fund on a single Dealing Day and where the Unitholder either requests in-specie distribution or has consented to such in-specie realisation. The assets so realised shall have a value equal to the realisation price (which is calculated in accordance with the provisions of the Trust Deed) less any costs incurred in connection with the sale or in-specie distribution. Such costs shall include an amount equivalent to any Stamp Duty Reserve Tax (SDRT) to be paid in relation to cancellation of the Units. The assets for distribution will be selected in consultation with and subject to the approval of the Depositary on such basis as the Managers deem equitable and so that there is no prejudice to the interests of remaining Unitholders. The Unitholder may, by notice in writing to the Managers, request the Managers to sell such investments and to pay the proceeds of sale less any costs incurred in connection with such sale.

Where a redeeming Unitholder has elected or has consented to receive realisation proceeds by an in specie distribution of stock of Units representing 5% or more of the Net Asset Value of any Fund, the Units settled in-specie will not be included in the calculation of the percentage of the Units for which realisation requests have been received for the purpose of determining whether the Deferral Policy may be invoked on a particular Dealing Day. Where a Unitholder has elected or consented to receive part or all of the realisation proceeds in-specie, the Managers shall advise the Unitholder that a Deferral Policy may operate if cash settlement is requested.

### Temporary Suspension of Realisations

In addition, the Managers may at any time, with the approval of the Depositary, suspend temporarily the right of Unitholders to require the realisation of Units of any Class and/or may delay the payment of any monies in respect of any such realisation during any of the following periods:

- a) any period when any market on which a substantial part of the investments of the relevant Fund are quoted, listed or dealt is closed or when trading on such a market is limited or suspended;
- b) any period when dealings on any such market are restricted or suspended;
- c) the existence of any state of affairs as a result of which disposal of the investments of the relevant Fund cannot, in the opinion of the Managers, be effected normally or without seriously prejudicing the interests of Unitholders of that Class;
- d) any breakdown in the means of communication normally employed in determining the Net Asset Value of the relevant Fund or when, for any other reason, the value of any investments of the relevant Fund cannot be promptly and accurately ascertained;
- e) any period during which the Depositary is unable to repatriate funds required for making payments due on redemption of Units or during which the realisation of investments or the transfer of funds involved in such realisation cannot, in the opinion of the Managers, be effected at normal prices or normal rates of exchange.

Unitholders who have requested realisations of any Units will be notified of any such suspension and, unless withdrawn but subject to the limitation referred to above, their requests will be dealt with on the first Dealing Day after the suspension is lifted. Any such suspension will be notified to the Central Bank and the Irish Stock Exchange immediately and in any event, where practicable within the same business day and to the competent authorities in the Member States in which the Unit Trust is marketed. If in the opinion of the Managers, such suspension is likely to exceed 14 days, it shall be published in a national daily newspaper circulating in Dublin.

### Liquidity Risk Management

The Managers have established a liquidity management policy which enable it to identify, monitor and manage the liquidity risks of the Unit Trust and to ensure the liquidity profile of the investments of each Fund will facilitate compliance with the Fund's underlying obligations. The Manager's liquidity policy takes into account the investment strategy, the liquidity profile, redemption policy and other underlying obligations of the Funds. The liquidity management systems and procedures include appropriate escalation measures to address anticipated or actual liquidity shortages or other distressed situations of the Unit Trust.

In summary, the liquidity management policy monitors the profile of investments held by the Unit Trust and each Fund and ensures that such investments are appropriate to the redemption policy as stated under Realisation of Units above, and will facilitate compliance with each Fund's underlying obligations. Further, the liquidity management policy includes details on periodic stress testing carried out by the Investment Manager to manage the liquidity risk of each Fund in exceptional and extraordinary circumstances.

The Managers seek to ensure that the investment strategy, the liquidity profile and the redemption policy of each Fund are consistent. The investment strategy, liquidity profile and redemption policy of the Unit Trust will be considered to be aligned when investors have the ability to redeem their investments in a manner consistent with the fair treatment

of all investors and in accordance with the Managers' redemption policy and its obligations. In assessing the alignment of the investment strategy, liquidity profile and redemption policy, the Managers shall have regard to the impact that redemptions may have on the underlying prices or spreads of the individual assets of each Fund.

Details of the redemption rights of Unitholders, including redemption rights of Unitholders in normal and exceptional circumstances and existing redemption arrangements are set above in this section.

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## Qualified Unitholders and Total Realisation

The Managers shall have the power (but shall not be under a duty) to impose such restrictions as they may think necessary for the purpose of ensuring that no Units are acquired or held by any person in breach of the law or any requirements of any country or governmental authority, including any foreign exchange control regulations or by a United States Person or Japanese person (except in transactions exempt from the requirements of the Securities Act and applicable state securities laws) or by any person described in (a) to (f) below.

**The Managers may at any time give notice in writing for the realisation of, or request the transfer of, Units held directly or beneficially by:-**

- (a) any person in breach of any law or requirement of any country or governmental authority or by virtue of which such person is not qualified to hold such Units;
- (d) any United States Person;
- (e) any Japanese Person;
- (f) any person or persons in circumstances which, (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other person or persons connected or not, or any other circumstances appearing to the Managers to be relevant) in the opinion of the Managers might result in the Unit Trust or its Unitholders incurring any liability to taxation or suffering pecuniary disadvantages which the Unit Trust or its Unitholders might not otherwise have incurred or suffered;
- (g) any Unitholder, on the basis of the circumstances of the Unitholder concerned, if it has reasonable grounds to believe that the Unitholder is engaging in any activity which might result in the Unit Trust or its Unitholders as a whole suffering any regulatory, pecuniary, legal, taxation or other material administrative disadvantage which the Unit Trust or its Unitholders as a whole might not otherwise have suffered; or
- (h) any person or persons holding Units with a value less than the Minimum Holding.

The Managers shall be entitled to give notice to such persons requiring him/her to transfer such Units to a person who is qualified or entitled to own them or submit a request for realisation. If any such person upon whom such a notice is served as aforesaid does not within 30 days after such notice transfer such Units or request the Manager to purchase such Units as aforesaid he shall be deemed forthwith upon the expiration of 30 days to have requested the Managers to purchase his Units and the Managers shall be entitled to appoint any delegate to sign on his/her behalf such documents as may be required for the purposes of the purchase of the said Units by the Managers.

All of the Units of any Fund or of the Unit Trust may be realised by the Managers if the holders of 75% in value of the relevant Class or Fund resolve at a meeting of the Unitholders duly convened and held that such Units should be redeemed.

The Managers may resolve at their discretion to retain sufficient monies prior to effecting a total realisation of Units to cover the costs associated with the subsequent termination of the Unit Trust or relevant Fund.

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## Conversion of Units

Unitholders will be able to apply to convert on any Dealing Day all or part of their holding of Units of any Class (the "Original Class") into Units of another Class of the same Fund or in another Fund, which are being offered at that time (the "New Class") by giving notice to the Managers in the manner set out under "Realisation of Units" above. The general provisions and procedures relating to realisation will apply equally to conversions. No conversion will be made, however, if it would result in the Unitholder holding a number of Units of either the Original Class or the New Class of a value which is less than the Minimum Holding for the relevant Class.

The number of Units of the New Class to be issued will be calculated in accordance with the following formula:-

$$N = \frac{P(R \times CF)}{S}$$

where:-

N - is the number of Units of the New Class to be allotted

P - is the number of Units of the Original Class to be converted

R - is the Dealing Price per Unit of the Original Class applicable to realisation requests received on the relevant Dealing Day

CF - is the currency conversion factor determined by the Managers as representing the effective rate of exchange on the relevant Dealing Day between the base currencies of the Original Class and the New Class (where the base currencies are different)

S - is the Dealing Price per Unit of the New Class applicable to subscription applications received on the relevant Dealing Day.

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## Collection Accounts

The Administrator operates the Collection Account in accordance with the Central Bank of Ireland's Investor Money Regulations for a number of collective investment schemes managed by the Managers. The Collection Account is held at a credit institution as prescribed by the Investor Money Regulations ("Relevant Bank") in the name of the Administrator and is designated as a "Collection Account" or "Coll a/c". All monies in the Collection Account will be held at the Relevant Bank on a segregated basis by the Administrator, in trust for the benefit of the investors and on behalf of, and at the risk of, the investors for whom such investor monies are being held. The Relevant Bank will hold the cash on the Administrator's behalf (for the benefit of the investors on behalf of whom such monies are being held) in an account separate from any money the Relevant Bank holds for the Administrator in its own right. In the event of the insolvency of the Relevant Bank, the Administrator should have a claim against the Relevant Bank on behalf of the investors for whom the monies in the Collection Account are being held. In the event of the insolvency of the Administrator, monies in the Collection Account would not form part of the Administrator's assets.

Any subscription monies which are received by the Administrator prior to investment in a Fund, will be held in a collection account and will not form part of the assets of the relevant fund until such monies are transferred from the Collection Account to the account of the relevant Fund.

Realisation proceeds will be paid into the Collection Account on the Settlement Date and distributions on the relevant distribution payment date, when they will no longer be considered an asset of the relevant Fund. Further, any conversion from one Fund or Class (the "Original Fund") into another Fund or Class (the "New Fund") will be deemed to be a realisation from the Original Fund and a subscription into the New Fund and the relevant proceeds will be held in the Collection Account until transferred to the New Fund.

No interest is payable by the Managers or the Administrator on monies credited to the Collection Account.

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## Calculation of Net Asset Value

The Managers have delegated the determination of the Net Asset Value and the Net Asset Value per Unit to the Administrator which shall be carried out in accordance with generally accepted accounting principles. In calculating the Net Asset Value, the Administrator shall not be liable for any loss suffered by the Managers or the Unit Trust by reason of any error resulting from any inaccuracy in the information provided by any third party pricing service that the Administrator is directed to use by the Managers or the Investment Manager in accordance with the Unit Trust's valuation policy.

In calculating the Net Asset Value and Net Asset Value per Unit, the Administrator shall not be responsible for the accuracy of financial data, opinions or advice furnished to it by the Managers or its delegates, the Investment Manager, or their agents and delegates including an external valuer, prime broker(s), market makers and/or independent third party pricing services. The Administrator may accept, use and rely on prices provided to it by the Managers or its delegates or other agreed independent third party pricing services for the purposes of determining the Net Asset Value and Net Asset Value per Unit and shall not be liable to the Unit Trust, the Managers, the Depositary, an external valuer, any Unitholder or any other person in so doing by reason of any error in the calculation of the Net Asset Value resulting from any inaccuracy in the information provided by the Managers, its delegates, an external valuer or other independent third party pricing services or its delegates that the Administrator is directed to use by the Managers, the Unit Trust, or an external valuer in accordance with the Managers Valuation Policy. The Managers, acknowledge and agree that the Administrator has not been retained to act as an external valuer or independent valuation agent.

In the event that there is an error in the calculation of the Net Asset Value of the Unit Trust, a Fund, or Class which results in a Unitholder receiving proceeds from the Unit Trust, the Managers reserve the right to seek to recover from such Unitholder any excess amount recovered by them or to re-issue a contract note with the correct Net Asset Value of the Unit Trust, the Fund, or Class.

The Net Asset Value per Unit is calculated by dividing the value of the assets of the Fund, less its liabilities, by the total number of Units in issue as at that Dealing Day. The Dealing Price is the resulting sum adjusted to two decimal places.

The method of establishing the Net Asset Value of any Fund is set out in the Trust Deed and summarised below.

The Net Asset Value of each Fund shall be calculated in the base currency of the Fund by valuing the assets of the Fund in accordance with the valuation rules set out in the Trust Deed and summarised below and deducting the liabilities of the Fund. However, in respect of certain Funds where different Classes are available, the Net Asset Value of the Fund is calculated as set out below and is allocated between each Class in accordance with their respective values. The portion of the Net Asset Value allocated to each Class is divided by the number of Units of the relevant Class then in issue and the resultant amount is the Net Asset Value of the relevant Class.

In summary, quoted investments are valued at their last traded price (or, if no last traded price is available, at mid-market prices) and unquoted investments are valued on the probable realisable value estimated with care and in good faith by the Managers or a competent person, firm or corporation (including the Investment Manager) selected by the Managers and approved by the Depositary. Cash deposits and similar investments shall normally be valued at face value (together with accrued interest); certificates of deposit shall be valued by reference to the best bid price for certificates of deposit of like maturity, amount and credit risk on the relevant Dealing Day; and treasury bills and bills of exchange shall be valued with reference to prices ruling in the appropriate markets for such instruments of like maturity, amount and credit risk on the relevant Dealing Day. Collective investment schemes are valued, where appropriate, on the basis of the last published net asset value per share, or the last published bid price per share excluding any preliminary charges. Interest and other income and liabilities are, where practicable, accrued from day-to-day. Forward foreign exchange contracts shall be valued with reference to the prevailing market maker quotation, namely, the price at which a new forward contract of the same size and maturity could be undertaken or, if unavailable, at the settlement price as provided by the counterparty. Derivatives traded on a regulated market shall be valued at the settlement price as determined by the market. If the settlement price is not available, the value shall be the probable realisation value estimated with care and in good faith by the Managers or a competent person, firm or corporation (including the Investment Manager) selected by the Managers and approved by the Depositary. OTC derivative contracts will be valued daily either (i) on the basis of a quotation provided by the relevant counterparty and such valuation shall be approved or verified at least weekly by a party who is approved for the purpose by the Depositary and who is independent of the counterparty (the "Counterparty Valuation"); or (ii) using an alternative valuation provided by the Managers or a competent person appointed by the Managers and approved for the purpose by the Depositary (the "Alternative Valuation"). Where such Alternative Valuation method is used the Managers will follow international best practice and adhere to the principles on valuation of OTC instruments established by bodies such as IOSCO and AIMA and will be reconciled to the Counterparty Valuation on a monthly basis. Where significant differences arise these will be promptly investigated and explained.

If the Managers deem it necessary, a specific investment may be valued using an alternative method of valuation approved by the Depositary.

Where the value of an investment is not ascertainable as described above, the value shall be the probable realisation value estimated by the Managers with care and good faith or by a competent person appointed by the Managers and approved for the purpose by the Depositary. The Trust Deed also provides that notwithstanding the above, the Managers may with the consent of the Depositary adjust the value of any Investment if, having regard to currency, applicable rate of interest, maturity, marketability and/or such other considerations as they may deem relevant, they consider that such adjustment is required to reflect the fair value thereof. A description of fair value pricing and the circumstances where it may be applied is set out below.

## Fair Value Pricing

Fair value pricing (FVP) may be defined as the application of the Managers' best estimate of the amount a Fund might receive on a sale, or expect to pay on a purchase, of one or more securities or even an entire portfolio of securities, at the time of the Fund's Valuation Point, with the intention of producing a fairer dealing price, thereby protecting ongoing, incoming and outgoing investors.

In the opinion of the Managers, where market conditions may be such that the last applicable real time quoted price or the Valuation Point does not capture the best reflection of the buying and selling price of a stock, FVP may be applied. Due to the time differences between the closing of the relevant securities exchanges and the time of the Fund's valuation point, a Fund may fair value its investments more frequently than it does other securities and on some Funds this may occur on a daily basis. The Managers have determined that movements in relevant indices or other

appropriate market indicators, after the close of the securities exchanges, may demonstrate that market quotations are unreliable and may trigger fair value pricing for certain securities. Therefore the fair values assigned to a Fund's investments may not be the quoted or published prices of the investments on their primary markets or exchanges. By fair valuing a security which is suspended for trading, for example, because of financial irregularities, or whose price may have been affected by significant events or by news after the last market pricing of the security, the Funds attempt to establish a price that they might reasonably expect to receive upon the current sale of that security. It may also be necessary to use FVP in the event of a market remaining closed unexpectedly due to a force majeure event.

### Dilution Adjustment

In determining the Net Asset Value of the Unit Trust and each Fund, the Managers may with the approval of the Depositary (i) adjust downwards the Net Asset Value of the Unit Trust or any Fund where on any Dealing Day, the aggregate value of all realisation requests received exceeds the value of all applications for Units or (ii) adjust upwards the Net Asset Value of the Unit Trust or any Fund where on any Dealing Day the value of all applications for Units received for that Dealing Day exceeds the aggregate value of all realisation requests, provided that in each case, the valuation policy by the Managers shall be applied consistently through the various categories of assets and will be applied consistently (with effect from the date of this Prospectus) through the lifetime of the Unit Trust or each Fund, for as long as the Unit Trust or each Fund is operated on a going concern basis. The Managers' intention is only to exercise this discretion to preserve the value of the holdings of continuing Unitholders in the event of substantial or recurring net realisations or subscriptions. The calculation of such prices and the amount of the adjustment may take into account any provision for the estimated market spreads (bid/offer spread of underlying securities), duties (for example transaction taxes) and charges (for example settlement costs or dealing commission) and other dealing costs related to the adjustment or disposal of investments and to preserve the value of the underlying assets of the relevant Fund. The application of the foregoing pricing methodology will comply with the requirements of the Central Bank.

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## Certificates and Transfer of Units

Unit certificates will not be issued.

Units in each Fund will be transferable by instrument in writing signed by (or, in the case of a transfer by a body corporate, signed on behalf of or sealed by) the transferor provided that the transfer does not result in the transferor or the transferee holding a number of Units of a value which is less than the Minimum Holding for that Fund. A purported transfer of Units will not become effective and binding upon the Managers until such time as the transferee has completed the prescribed Application Form and any attendant documentation, such as anti-money laundering documentation, and the Administrator has received the originals thereof. In this regard the rights and obligations of the purported transferor will subsist and the purported transferor will continue to be regarded as the registered holder of Units, to the exclusion of the purported transferee, until receipt by the Administrator of the documentation outlined above. In the case of the death of one of joint Unitholders, the survivor or survivors will be the only person or persons recognised by the Depositary and the Managers as having any title to or interest in the Units registered in the names of such joint Unitholders. If the transferor is not resident in Ireland, the transferor must complete a declaration of non-residence to avoid deduction of tax on redemptions and distributions.

Irish Resident Unitholders and Unitholders Ordinarily Resident in Ireland other than Exempt Irish Investors must notify the Managers in advance of any proposed transfer of Units.

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## Publication of Prices

The price per Unit of each Class will be available on the Barings website at [www.baring.com](http://www.baring.com) and will be updated on each Dealing Day. In the case of Unit Classes which are listed on the Irish Stock Exchange, the price of such unit classes will also be notified to the Irish Stock Exchange.

Prices can also be ascertained at the registered office of the Managers and from the offices of the Investment Manager and the Paying Agents set out under "Enquiries To" at the end of this document.

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## Allocation of Assets and Liabilities

The Trust Deed requires the Depositary to establish a separate Fund for each Class of Unit in the following manner:-

- (a) records and accounts of each Fund shall be maintained separately and in such currency as the Managers and the Depositary shall from time to time determine;



- (b) the proceeds from the issue of each Class of Unit (excluding the Preliminary Charge) shall be applied to the Fund established for that Class of Unit, and the assets and liabilities and income and expenditure attributable thereto shall be applied to such Fund subject to the provisions of the Trust Deed;
  - (c) where any asset is derived from another asset, the derived asset shall be applied to the same Fund as the assets from which it was derived and on each revaluation of an asset the increase or diminution in value shall be applied to the relevant Fund;
  - (d) in the case of any asset which the Depositary does not consider as attributable to a particular Fund or Funds, the Depositary shall have discretion, subject to the approval of the Managers and the auditors, to determine the basis upon which any such asset shall be allocated between Funds, and the Depositary shall have power at any time and from time to time, subject to the approval of the Managers and the auditors, to vary such basis provided that the approval of the Managers and of the auditors shall not be required in any case where the asset is allocated between all Funds pro rata to their Net Asset Values at the time when the allocation is made;
  - (e) the Depositary shall have discretion, subject to the approval of the Managers and the auditors, to determine the basis upon which any liability shall be allocated between Funds (including conditions as to the subsequent re-allocation thereof if circumstances so permit) and shall have power at any time and from time to time to vary such basis, provided that the approval of the Managers and the auditors shall not be required in any case where a liability is allocated to the Fund or Funds to which in the opinion of the Depositary it relates or if in the opinion of the Depositary it does not relate to any particular Fund or Funds, between all the underlying Funds pro rata to their Net Asset Values;
  - (f) subject to the approval of the Managers and the auditors, the Depositary may transfer any assets to and from Funds if, as a result of a creditor proceeding against certain of the assets of the Trust or otherwise, a liability would be borne in a different manner from that in which it would have been borne under paragraph (e) above or in any similar circumstances; and
  - (g) subject to paragraph (f) above, the assets of each Fund shall belong exclusively to that Fund, shall be segregated from other Funds and shall not be used to discharge directly or indirectly the liabilities of or claims against any other Fund and shall not be available for any such purpose.
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## Meetings of Unitholders

The Trust Deed contains detailed provisions for meetings of Unitholders generally and Unitholders of each particular Class. Meetings may be convened by the Depositary, the Managers or the holders of at least 10% in value of the Units in issue or the Units of the particular Class in issue, on not less than 21 days' notice. Notices of meetings will be posted to Unitholders or Unitholders of the particular Class. Unitholders may appoint proxies, who need not themselves be Unitholders. The quorum for a meeting will be Unitholders present in person or by proxy and holding or representing not less than 10% (or in relation to the passing of an Extraordinary Resolution, 25%) of the Units (or Units of the relevant Class) for the time being in issue or, for an adjourned meeting, Unitholders present in person or by proxy whatever their number or the number of Units held by them.

On a show of hands every Unitholder who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative or one of its officers as its proxy shall have one vote. On a poll every Unitholder present in person or by representative or proxy shall have one vote for every Unit for which he is registered as the holder. For so long as the Unit Trust or any Fund is authorised by the Securities and Futures Commission in Hong Kong, a poll will be conducted at a meeting of Unitholders. Such voting rights may be amended in the same manner as any other provision of the Trust Deed.

An Extraordinary Resolution is a resolution proposed as such at a meeting of Unitholders at which a quorum is present and passed by a majority of 75% of the total number of votes cast.

The Trust Deed provides that a resolution which, in the opinion of the Depositary, affects one Class only of Units will be duly passed if passed at a separate meeting of the Unitholders of that Class; if, in the opinion of the Depositary, the resolution affects more than one Class of Unit but does not give rise to a conflict of interests between the holders of the Units of the respective classes, the resolution will be duly passed if passed at a single meeting of the holders of the Units of those Classes. If the resolution affects, in the opinion of the Depositary, more than one Class of Unit and gives or may give rise to a conflict of interests between the holders of Units of the respective Classes, the resolution will only be duly passed if, in lieu of being passed at a single meeting of the holders of the Units of those Classes, it is passed at separate meetings of the holders of Units of those Classes.

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## **Duration of the Unit Trust**

The Unit Trust will continue indefinitely until terminated in accordance with the Trust Deed either (a) by the Managers if the Net Asset Value of the Unit Trust amounts, at any time, to less than US\$25 million or its equivalent or (b) if the Unit Trust ceases to be an authorised UCITS or to be authorised or otherwise officially approved pursuant to the Securities and Futures Ordinance of Hong Kong or c) if any law is passed which renders it illegal or, in the opinion of the Managers, impracticable or inadvisable to continue the Unit Trust. Or by Extraordinary resolution of a meeting of Unitholders passed at any time. The Unit Trust may also be terminated by the Depositary if: (a) if the Managers go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Depositary) or if a receiver is appointed over any of their assets; or (b) if in the opinion of the Depositary the Managers are incapable of performing or shall in fact fail to perform their duties satisfactorily or shall do any other thing which in the opinion of the Depositary is calculated to bring the Unit Trust into disrepute or to be harmful to the interest of the Unitholders; or (c) if the Unit Trust shall cease (i) to be an authorised UCITS or (ii) to be authorised or otherwise officially approved pursuant to the Securities and Futures Ordinance of Hong Kong or if any law shall be passed which renders it illegal or in the opinion of the Depositary impracticable or inadvisable to continue the Unit Trust; or (d) if within a period of six months from the date the Depositary expressing in writing to the Managers its desire to retire, the Managers shall have failed to appoint a new Depositary.

The Managers have power to terminate any particular Fund on the date one year following the first issue of Units in that Fund or on any date thereafter if the Net Asset Value of that Fund amounts at such date to less than US\$2 million or its equivalent.

The Trust Deed provides that upon the Unit Trust being terminated the Depositary shall:-

- (a) sell all investments held for the Unit Trust; and
- (b) distribute all net cash proceeds derived from the realisation of the assets of each Fund to Unitholders of the relevant Class in proportion to their respective interests upon production of the Unit certificate (if issued) or delivery of such form of request as the Depositary may require.

The Depositary shall not be bound (except in the case of final distribution) to distribute any moneys for the time being in its hands the amount of which is insufficient to pay the equivalent of US\$1.00 in respect of each Unit. In addition, the Depositary shall be entitled to retain out of any monies in its hands as part of the property of the Unit Trust or the relevant Fund, full provision for all costs, charges, expenses, claims and demands.

Following the termination of a Fund, any unclaimed proceeds or monies which cannot be distributed to investors (e.g. where an investor has not provided the documentation required for client identification and verification purposes or where an investor cannot be traced,) will be held in an Umbrella Cash Account. Your attention is drawn to the section of the Prospectus entitled “Anti-Money Laundering and Counter Terrorist Financing Measures” – “Umbrella Cash Accounts” for a description of the Umbrella Cash Accounts and associated risks.

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## **Miscellaneous**

The Unit Trust is not involved in any litigation nor are the Directors of the Managers aware of any pending or threatened litigation.

Any distribution of assets in specie will not be materially prejudicial to the rights of the remaining Unitholders.

Any investor wishing to make a complaint regarding any aspect of the Unit Trust or its operations may do so directly to the Managers or to the Investment Manager at the addresses shown under “Enquiries To” at the end of this document.

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## **Proxy Voting Policies and Procedures**

The Managers will vote proxies on the securities held by the Funds in accordance with the procedures of the Investment Manager. The Investment Manager has established a Proxy Voting Policy which is overseen by the Investment Manager's Proxy Voting Committee. The policy is designed to ensure that votes are cast in accordance with the best economic interest of the clients of the Investment Manager, such as the Funds. The Investment Manager uses the services of an independent third party service provider who provides proxy analysis, information on events requiring voting and vote recommendations, and also to execute the voting decisions of Investment Manager. The Investment Manager ordinarily votes proxies according to the independent third party service provider's proxy

voting recommendations. Proxies on all proposals are voted, except in those instances when the Investment Manager, with guidance from the Proxy Voting Committee if desired, determines that the cost of voting those proxies outweighs the economic benefit to the Investment Manager's clients.

The Investment Manager's detailed Proxy Voting Policy is available on request from the Investment Manager.

## Best Execution

The Managers rely on the Execution Policy of the Investment Manager. Best Execution is the term used to describe the objective of taking all reasonable steps to obtain the best possible result for each transaction carried out by the Investment Manager on the property of the Unit Trust. In order to obtain the best possible result the Investment Manager takes into account a number of factors including price, both the explicit and implicit costs of trading, size and speed of execution and any other specific considerations relevant to that transaction.

The Investment Manager's detailed Execution Policy is available on request from the Investment Manager.

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## Inducements

The Managers receive and pay certain fees such as an annual management fee from each Fund. The Managers remit the fees and expenses of the Investment Manager out of the annual management fee and the Managers also pay rebates to distributors. The Managers will not enter into any fee arrangements that give rise to conflicts with the Managers' duties to act honestly, fairly and professionally in accordance with the best interests of the Fund(s).

Further details of the Managers' policy on Inducements are available on request from the Managers.

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## Remuneration Policy

The Managers have a remuneration policy in place (the "Remuneration Policy") which is designed to ensure that its remuneration practices are consistent with and promote sound and effective risk management, do not encourage risk taking and are consistent with the risk profile of the Funds. The Managers consider the Remuneration Policy to be appropriate to the size, internal operations, nature, scale and complexity of the Unit Trust and in line with the risk profile, risk appetite and the strategy of the Unit Trust. The Remuneration Policy will apply to the fixed and variable (if any) remuneration received by the identified staff. Details of the remuneration policy including, but not limited to, a description of how remuneration and benefits are calculated and the identity of the persons responsible for awarding the remuneration and benefits are available at [www.baring.com](http://www.baring.com) and a paper copy will be made available to investors upon request.

The Managers do not have any employees and only non-executive directors are in scope of the Remuneration Policy. The non-executive directors (with the exception of BAML affiliated directors who do not receive any directors fees) receive a fixed fee only and do not receive performance-based or variable remuneration therefore avoiding a potential conflict of interest. No pension contributions are payable on non-executive Board members' fees. In respect of any investment management delegates, the Managers require that: (i) the entities to which such activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective as those applicable under ESMA's "Final report - Guidelines on sound remuneration policies under the UCITS Directive and AIFMD (2016/ESMA/411)" / Article 14 of the UCITS Directive; or (ii) appropriate contractual arrangements are put in place with entities to which such activities have been delegated in order to ensure that there is no circumvention of the remuneration rules set out in the ESMA Guidelines/UCITS Directive.

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## Documents Available for Inspection

Copies of the following documents may be obtained from the Managers or inspected during usual business hours on a Business Day at the registered office of the Managers and at the offices of the Investment Manager at the addresses shown under "Enquiries To" at the end of this document: -

- (a) the Trust Deed;
- (b) the Prospectus;
- (c) the Key Investor Information Documents;
- (d) the annual and half yearly reports relating to the Unit Trust most recently prepared and published by the Managers;
- (e) the Administrator Agreement;
- (f) the Investment Management Agreement;
- (g) the Regulations and the Central Bank UCITS Regulations issued by the Central Bank pursuant thereto; and

- (h) Memorandum detailing the names of all companies and partnerships that each director has been a member or partner in the last five years and an indication of whether or not they are still a member or partner.

Items (a), (b), (c) and (d) as listed above, may also be obtained from the Paying Agents in the jurisdictions where the Funds have been registered for public marketing.

The most recently prepared annual report relating to the Unit Trust can also be obtained by prospective investors on request from the offices of the Managers or from the Paying Agents.

## Appendix I

### Investment Restrictions

Investment may only be made as permitted by the Trust Deed and the Regulations and is subject to any restrictions and limits set out in the Trust Deed and the Regulations. The relevant provisions of the Regulations in respect of the investment restrictions applying to the Unit Trust and each Fund, in addition to other restrictions imposed by the Managers, are set out below. The Managers may from time to time impose such further investment restrictions as shall be compatible with or in the interest of the Unitholders, in order to comply with the laws and regulations of the countries where Units of each Fund are placed. Any such further restrictions shall be in accordance with the UCITS Regulations and in accordance with the requirements of the Central Bank.

#### **1 Permitted Investments**

Investments of a UCITS are confined to:

- 1.1 Transferable Securities and Money Market Instruments which are either admitted to official listing on a stock exchange in a Member State or non-Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a Member State or non-Member State.
- 1.2 Recently issued Transferable Securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.
- 1.3 Money Market Instruments, other than those dealt on a regulated market.
- 1.4 Shares/Units of UCITS.
- 1.5 Shares/Units of non-UCITS.
- 1.6 Deposits with credit institutions.
- 1.7 FDIs.

#### **2 Investment Restrictions**

- 2.1 A UCITS may invest no more than 10% of net assets in Transferable Securities and Money Market Instruments other than those referred to in paragraph 1.
- 2.2 A UCITS may invest no more than 10% of net assets in recently issued Transferable Securities which will be admitted to official listing on a stock exchange or other market (as described in paragraph 1.1) within a year. This restriction will not apply in relation to investment by the UCITS in certain US securities known as Rule 144A securities provided that:
  - the securities are issued with an undertaking to register with the US Securities and Exchanges Commission within one year of issue; and
  - the securities are not illiquid securities i.e. they may be realised by the UCITS within seven days at the price, or approximately at the price, at which they are valued by the UCITS.
- 2.3 A UCITS may invest no more than 10% of net assets in Transferable Securities or Money Market Instruments issued by the same body provided that the total value of Transferable Securities and Money Market Instruments held in the issuing bodies in each of which it invests more than 5% does not exceed 40%.
- 2.4 The limit of 10% (as described in paragraph 2.3) is raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. If a UCITS invests more than 5% of its net assets in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the net asset value of the UCITS. (To avail of this provision, the prior approval of the Central Bank is required).
- 2.5 The limit of 10% (as described in paragraph 2.3) is raised to 35% if the Transferable Securities or Money Market Instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.
- 2.6 The Transferable Securities and Money Market Instruments referred to in paragraphs 2.4 and 2.5 shall not be taken into account for the purpose of applying the limit of 40% referred to in paragraph 2.3.
- 2.7 A UCITS may not invest more than 20% of net assets in deposits made with the same credit institution.

Deposits with any one credit institution, other than credit institutions authorised in the EEA or credit institutions authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988 or credit institutions authorised within Jersey, Guernsey, the Isle of Man, Australia or New Zealand held as ancillary liquidity, must not exceed 10% of net assets.

This limit may be raised to 20% in the case of deposits made with the Depositary.

- 2.8 The risk exposure of a UCITS to a counterparty to an over-the-counter ("OTC") derivative may not exceed 5% of net assets.

This limit is raised to 10% in the case of credit institutions authorised in the EEA or credit institutions authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988 or credit institutions authorised within Jersey, Guernsey, the Isle of Man, Australia or New Zealand.

- 2.9 Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of net assets:

- investments in Transferable Securities or Money Market Instruments;
- deposits, and/or
- risk exposures arising from OTC derivatives transactions.

- 2.10 The limits referred to in paragraphs 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined, so that exposure to a single body shall not exceed 35% of net assets.

- 2.11 Group companies are regarded as a single issuer for the purposes of paragraphs 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20% of net assets may be applied to investment in Transferable Securities and Money Market Instruments within the same group.

- 2.12 A UCITS may invest up to 100% of net assets in different Transferable Securities and Money Market Instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international bodies of which one or more Member States are members.

The individual issuers must be listed in the Prospectus and may be drawn from the following list:

OECD Governments (provided the relevant issues are investment grade), Government of the People's Republic of China, Government of Brazil (provided the issues are of investment grade), Government of India (provided the issues are of investment grade), Government of Singapore, European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority, Straight-A Funding LLC.

The UCITS must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of net assets.

## 2.13 **Deposits**

Deposits with any single credit institution other than a credit institution specified in Regulation 7 of the Central Bank UCITS Regulations held as ancillary liquidity shall not exceed:

- (a) 10% of the NAV of the UCITS; or
- (b) where the deposit is made with the Depositary 20% of the net assets of the UCITS.

## 2.14 **Recently Issued Transferable Securities**

- (i) Subject to paragraph (ii) a Fund shall not invest any more than 10% of its assets in securities of the type to which Regulation 68(1)(d) of the UCITS Regulations apply.
- (ii) Paragraph (i) does not apply to an investment by a responsible person in US Securities known as "Rule 144 A securities" provided that:
  - (a) the relevant securities have been issued with an undertaking to register the securities with the SEC within 1 year of issue; and
  - (b) the securities are not illiquid securities i.e. they may be realised by the UCITS within 7 days at the price, or approximately at the price, which they are valued by the UCITS.

## **3 Investment in Collective Investment Schemes ("CIS")**

- 3.1 A UCITS may not invest more than 20% of net assets in any one CIS. However, the Managers have determined that in aggregate, no more than 10% of the net assets of a Fund may be invested in CIS.
- 3.2 Investment in non-UCITS may not, in aggregate, exceed 30% of net assets. However, the Managers have determined that in aggregate, no more than 10% of the net assets of a Fund may be invested in CIS.
- 3.3 The CIS are prohibited from investing more than 10% of net assets in other CIS.
- 3.4 When a UCITS invests in the units of other CIS that are managed, directly or by delegation, by the UCITS management company or by any other company with which the UCITS management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription, conversion or redemption fees on account of the UCITS investment in the units of such other CIS.
- 3.5 Where a commission (including a rebated commission) is received by the UCITS manager or investment manager by virtue of an investment in the units of another CIS, this commission must be paid into the property of the UCITS.

## **4 Index Tracking UCITS**

- 4.1 A UCITS may invest up to 20% of net assets in shares and/or debt securities issued by the same body where the investment policy of the UCITS is to replicate an index which satisfies the criteria set out in the Central Bank UCITS Regulations and is recognised by the Central Bank.
- 4.2 The limit in paragraph 4.1 may be raised to 35%, and applied to a single issuer, where this is justified by exceptional market conditions.

## **5 General Provisions**

- 5.1 An investment company, or management company acting in connection with all of the CIS it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
- 5.2 A UCITS may acquire no more than:
- (i) 10% of the non-voting shares of any single issuing body;
  - (ii) 10% of the debt securities of any single issuing body;
  - (iii) 25% of the units of any single CIS;
  - (iv) 10% of the Money Market Instruments of any single issuing body.

**NOTE:** The limits laid down in (ii), (iii) and (iv) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the Money Market Instruments, or the net amount of the securities in issue cannot be calculated.

- 5.3 Paragraph 5.1 and 5.2 shall not be applicable to:
- (i) Transferable Securities and Money Market Instruments issued or guaranteed by a Member State or its local authorities;
  - (ii) Transferable Securities and Money Market Instruments issued or guaranteed by a non-Member State;
  - (iii) Transferable Securities and Money Market Instruments issued by public international bodies of which one or more Member States are members;
  - (iv) Shares held by a UCITS in the capital of a company incorporated in a non-member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the UCITS can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-Member State complies with the limits laid down in paragraphs 2.3 to 2.11, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6, and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed;
  - (v) Shares held by an investment company or investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on their behalf.
- 5.4 UCITS need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or Money Market Instruments which form part of their assets.

- 5.5 The Central Bank may allow recently authorised UCITS to derogate from the provisions of paragraphs 2.3 to 2.12, 3.1, 3.2, 4.1 and 4.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading.
- 5.6 If the limits laid down herein are exceeded for reasons beyond the control of a UCITS, or as a result of the exercise of subscription rights, the UCITS must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its Shareholders.
- 5.7 Neither an investment company, nor a management company or a depositary acting on behalf of a Unit Trust or a management company of a common contractual fund, may carry out uncovered sales of:
- Transferable Securities;
  - Money Market Instruments;
  - Units of CIS; or
  - FDI.
- 5.8 A UCITS may hold ancillary liquid assets.

### **6 Financial Derivative Instruments ("FDIs")**

- 6.1 The UCITS global exposure (as prescribed in the UCITS Regulations) relating to FDI must not exceed its total net asset value.
- 6.2 Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or Money Market Instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Regulations/Guidelines. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in the Central Bank UCITS Regulations).
- 6.3 UCITS may invest in FDIs dealt in OTC provided that the counterparties to OTC transactions are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.
- 6.4 Investment in FDIs are subject to the conditions and limits laid down by the Central Bank.



## Appendix II

With the exception of permitted investments in unlisted securities, the Unit Trust will only invest in securities traded on a stock exchange or market which meets with the regulatory criteria (regulated, operated regularly, be recognised and open to the public) and which is listed below.

For the purpose of the Trust, a market shall be:-

In relation to any Investment which constitutes a transferable security or an exchange traded derivative:

(i) any stock exchange or market which is:

- located in any Member State of the EEA; or
- located in any of the following countries:-

Australia  
Canada  
Japan  
New Zealand

Switzerland  
United States of America; or

(ii) any stock exchange or market included in the following list:-

Argentina	Bolsa de Comercio de Buenos Aires
Argentina	Mercado Abierto Electronico S.A.
Bahrain	Bahrain Bourse
Bangladesh	Dhaka Stock Exchange Ltd
Bangladesh	Chittagong Stock Exchange
Brazil	Sociedade Operadora Do Mercado De Ativos S.A.
Brazil	BM & F Bovespa SA
Brazil	Central de Custodia e de Liquidacao Financiera de Titulos
Chile	La Bolsa Electronica De Chile
Chile	Bolsa de Comercio de Santiago
China	Shanghai Stock Exchange
China	Shenzhen Stock Exchange
Colombia	Bolsa De Valores De Colombia
Egypt	The Egyptian Exchange
Ghana	Ghana Stock Exchange
Hong Kong	Stock Exchange Of Hong Kong Ltd, The
Iceland	NASDAQ OMX ICELAND hf
India	Bombay/Mumbai Stock Exchange Ltd
India	National Stock Exchange of India
Indonesia	Indonesia Stock Exchange
Jordan	Amman Stock Exchange
Kenya	Nairobi Securities Exchange
Korea, Republic of	Korea Stock Exchange
Malaysia	Bursa Malaysia Berhad
Mauritius	Stock Exchange of Mauritius Ltd, The
Mexico	Bolsa Mexicana De Valores (Mexican Stock Exchange)
Morocco	Casablanca Stock Exchange
Nigeria	Nigerian Stock Exchange, The
Oman	Muscat Securities Market
Pakistan	Karachi Stock Exchange
Pakistan	Lahore Stock Exchange
Pakistan	Islamabad Stock Exchange
Peru	Bolsa De Valores De Lima
Philippines	Philippine Stock Exchange, Inc.
Russia	Moscow Exchange
Serbia	Belgrade Stock Exchange
Singapore	Singapore Exchange
South Africa	JSE Securities Exchange
Sri Lanka	Colombo Stock Exchange
Taiwan	Taiwan Stock Exchange Corporation
Thailand	Stock Exchange of Thailand
Turkey	Istanbul Stock Exchange
Uruguay	Bolsa De Valores De Montevideo

Venezuela	Bolsa De Valores De Caracas
Vietnam	Hanoi Securities Trading Centre
Vietnam	Ho Chi Minh Stock Exchange
Zambia	Lusaka Stock Exchange

(iii) any of the following:

- the market organised by the International Capital Market Association;
- the "listed money market institutions", as described in the Bank of England publication "The Regulation of the Wholesale Markets in Sterling, Foreign Exchange and Bullion" dated April 1988 (as amended from time to time);
- the market in US government securities conducted by primary dealers which are regulated by the Federal Reserve Bank of New York;
- a market comprising dealers which are regulated by the United States National Association of Securities Dealers and the United States Securities and Exchange Commission;
- NASDAQ in the United States;
- The over-the-counter market in Japan regulated by the Securities Dealers Association of Japan;
- The over-the-counter market in the United States regulated by the National Association of Securities Dealers Inc. (also described as the over-the-counter market in the United States conducted by primary and secondary dealers regulated by the Securities and Exchanges Commission and by the National Association of Securities Dealers (and by banking institutions regulated by the US Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation);
- The French market for Titres de Créances Négotiables (over-the-counter market in negotiable debt instruments);
- the over-the-counter market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada.

(iv) All derivatives exchanges on which permitted financial derivative instruments may be listed or traded:

- in a Member State;
- in a Member State in the European Economic Area (European Union, Norway, Iceland and Liechtenstein);
- in the United States of America, on the
  - Chicago Board of Trade;
  - Chicago Board Options Exchange;
  - Chicago Mercantile Exchange;
  - Eurex US;
  - New York Futures Exchange;
  - New York Mercantile Exchange;
- in China, on the Shanghai Futures Exchange;
- in Hong Kong, on the Hong Kong Futures Exchange;
- in Japan, on the
  - Osaka Securities Exchange;
  - Tokyo Financial Exchange Inc.;
  - Tokyo Stock Exchange;
- in New Zealand, on the NZX Limited;
- in Singapore, on the Singapore Mercantile Exchange.

PROVIDED THAT the Depositary and the Managers shall be entitled without the sanction of an Extraordinary Resolution to modify this definition by adding to or deleting from the countries, markets and exchanges described above.

The markets and exchanges described above are set out herein in accordance with the requirements of the Central Bank which does not issue a list of approved markets.

## Appendix III

### Registration Status

	Baring ASEAN Frontiers Fund	Baring Asia Growth Fund	Baring Australia Fund	Baring Europa Fund	Baring Hong Kong China Fund	Baring International Bond Fund
<b>Austria</b>	✓	✓	✓	✓	✓	✓
<b>Chile</b>	✓	X	X	X	✓	X
<b>Denmark</b>	Class A USD Acc Class I USD Acc	X	X	X	Class A USD	X
<b>Finland</b>	✓	✓	✓	✓	✓	✓
<b>France</b>	✓	✓	✓	✓	✓	✓
<b>Germany</b>	✓	✓	✓	✓	✓	✓
<b>Hong Kong</b>	✓	✓	✓	✓	✓	✓
<b>Luxembourg</b>	✓	✓	✓	✓	✓	✓
<b>Macau</b>	✓	✓	US\$ & €	✓	US\$ & €	✓
<b>Netherlands</b>	Class I USD Acc	X	X	X	X	X
<b>Norway</b>	Class A USD Acc Class I USD Acc	X	X	X	Class A USD	X
<b>Peru</b>	✓	✓	✓	✓	✓	✓
<b>Singapore</b>	RFS	RFS	RFS	RFS	RFS	X
<b>South Korea</b>	Class A EUR Acc Class A EUR Inc Class A GBP Inc Class A USD Inc Class A USD Acc Class A RMB Hedged Acc Class I USD Acc Class I EUR Acc Class I GBP Acc	X	X	X	Class A EUR Acc Class A EUR Inc Class A GBP Inc Class A USD Inc Class A USD Acc Class A HKD Acc Class A RMB Hedged Acc Class I USD Acc Class I EUR Acc Class I GBP Acc	Class A USD Inc Class A EUR Inc Class I USD Acc
<b>Spain</b>	✓	✓	✓	✓	✓	✓
<b>Sweden</b>	✓	✓	✓	✓	✓	✓
<b>Switzerland</b>	✓	✓	✓	✓	✓	✓
<b>Taiwan</b>	Class A EUR Inc Class A USD Inc	Class A EUR Inc Class A GBP Inc Class A USD Inc	Class A USD Inc	Class A EUR Inc Class A USD Inc	Class A EUR Inc Class A USD Inc	Class A EUR Inc Class A USD Inc

## BARING INTERNATIONAL UMBRELLA FUND

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United Kingdom	✓	✓	✓	✓	✓	✓
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### Notes

- ✓ confirmation that the Fund is registered for public marketing as at the date of the Prospectus. In the case of Peru, the Funds are registered for marketing to institutional investors only in Peru.
- RFS means the Fund is registered as a Restricted Foreign Scheme and investment for investors in Singapore is only available on a restricted basis.

## Appendix IV

### Class Information

FUND AND CLASS	ISIN	LISTED ON IRISH STOCK EXCHANGE	ACCEPTED INTO UK REPORTING FUND REGIME	DETAILS OF OFFER PERIOD/LAUNCH (IRISH TIME)
<b>Baring ASEAN Frontiers Fund</b>				
Class A AUD Hedged Acc	IE00BFDTF255	X	X	Launched
Class A CHF Hedged Acc	IE00BQY77747	X	X	7 September 2017 (9am) – 5 March 2018 (5pm)
Class A EUR Acc	IE00B4MTNB49	X	X	2 February 2012 (9am) – 5 March 2018 (5pm)
Class A EUR Inc	IE0004868828	✓	✓	Launched
Class A GBP Inc	IE00B3BC5T90	✓	✓	Launched
Class A RMB Hedged Acc	IE00B3LGSN62	X	X	Launched
Class A USD Acc	IE00B59JG481	X	X	Launched
Class A USD Inc	IE0000830236	✓	✓	Launched
Class D GBP Inc*	IE00B84F2G69	X	To be lodged	14 January 2014 (9am) – 5 March 2018 (5pm)
Class I CHF Hedged Acc	IE00BQY77853	X	X	7 September 2017 (9am) – 5 March 2018 (5pm)
Class I EUR Acc	IE00B3BC5X37	X	X	Launched
Class I GBP Acc	IE00B3BC5W20	X	X	Launched
Class I GBP Inc	IE00BD5BKR59	X	✓	7 September 2017 (9am) – 5 March 2018 (5pm)
Class I USD Acc	IE00B3BC5V13	X	X	Launched
Class R GBP Inc*	IE00B8FKFZ03	X	To be lodged	14 January 2014 (9am) – 5 March 2018 (5pm)
<b>Baring Asia Growth Fund</b>				
Class A AUD Hedged Acc	IE00BD5BK566	X	X	7 September 2017 (9am) – 5 March 2018 (5pm)
Class A CHF Hedged Acc	IE00BD5BKT73	X	X	7 September 2017 (9am) – 5 March 2018 (5pm)
Class A EUR Acc	IE00B7JY2Z02	X	X	2 February 2012 (9am) – 5 March 2018 (5pm)
Class A EUR Inc	IE0004868604	✓	✓	Launched
Class A GBP Inc	IE0031029477	✓	✓	Launched
Class A RMB Hedged Acc	IE00B7JY4095	X	X	2 February 2012 (9am) – 5 March 2018 (5pm)
Class A USD Acc	IE00B7JY2X87	X	X	2 February 2012 (9am) – 5 March 2018 (5pm)
Class A USD Inc	IE0000830129	✓	✓	Launched
Class D GBP Inc*	IE00B8KZVY18	X	To be lodged	Launched
Class I CHF Hedged Acc	IE00BD5BKV95	X	X	7 September 2017 (9am) – 5 March 2018 (5pm)
Class I EUR Acc	IE00B3BC9X17	X	X	Launched
Class I GBP Acc	IE00B3BC9W00	X	X	Launched
Class I GBP Inc	IE00BD5BKW03	X	✓	7 September 2017 (9am) – 5 March 2018 (5pm)
Class I USD Acc	IE00B3BC9V92	X	X	Launched
Class R GBP Inc*	IE00B89SSB73	X	To be lodged	14 January 2014 (9am) – 5 March 2018 (5pm)
<b>Baring Australia Fund</b>				
Class A AUD Inc	IE00B3YQ9180	X	✓	Launched
Class A EUR Acc	IE00B7JY4764	X	X	2 February 2012 (9am) – 5 March 2018 (5pm)
Class A EUR Inc	IE0004866665	✓	✓	Launched
Class A GBP Inc	IE00B45XQ142	X	✓	Launched
Class A RMB Hedged Acc	IE00B7JY5399	X	X	2 February 2012 (9am) – 5 March 2018 (5pm)
Class A USD Inc	IE0000829451	✓	✓	Launched
Class D GBP Inc*	IE00B8B48K25	X	To be lodged	14 January 2014 (9am) – 5 March 2018 (5pm)
Class I AUD Acc	IE00B3WCDZ09	X	X	5 August 2008 (9am) – 5 March 2018 (5pm)

# BARING INTERNATIONAL UMBRELLA FUND

Class I EUR Acc	IE00B3BC9T70	X	X	5 August 2008 (9am) – 5 March 2018 (5pm)
Class I GBP Acc	IE00B3YQ8T99	X	X	Launched
Class I GBP Inc	IE00BD5BKX10	X	✓	7 September 2017 (9am) – 5 March 2018 (5pm)
Class I USD Acc	IE00B3BC9S63	X	X	Launched
Class R GBP Inc*	IE00B7D9PD06	X	To be lodged	14 January 2014 (9am) – 5 March 2018 (5pm)
<b>Baring Europa Fund</b>				
Class A EUR Acc	IE00B7JY6470	X	X	2 February 2012 (9am) – 5 March 2018 (5pm)
Class A EUR Inc	IE0004866772	✓	✓	Launched
Class A RMB Hedged Acc	IE00B7JY6F85	X	X	2 February 2012 (9am) – 5 March 2018 (5pm)
Class A USD Inc	IE0000829121	✓	✓	Launched
Class C EUR Inc*	IE00B2PF5530	✓	✓	Launched
Class C USD Inc*	IE00B2NN6456	✓	✓	Launched
Class D GBP Inc*	IE00B8N5H065	X	To be lodged	14 January 2014 (9am) – 5 March 2018 (5pm)
Class I EUR Acc	IE00B3BCB020	X	X	Launched
Class I GBP Inc	IE00B8KYRN91	X	To be lodged	3 December 2012 (9am) – 5 March 2018 (5pm)
Class I USD Acc	IE00B3BC9Y24	X	X	7 September 2017 (9am) – 5 March 2018 (5pm)
Class R GBP Inc*	IE00B6TGNP64	X	To be lodged	14 January 2014 (9am) – 5 March 2018 (5pm)
<b>Baring Hong Kong China Fund</b>				
Class A EUR Acc	IE00B7JY7551	X	X	2 February 2012 (9am) – 5 March 2018 (5pm)
Class A EUR Inc	IE0004866889	✓	✓	Launched
Class A GBP Inc	IE00B3YQ0H18	X	✓	Launched
Class A HKD Inc	IE00B4YN5X00	X	X	Launched
Class A RMB Hedged Acc	IE00B7JY7775	X	X	Launched
Class A USD Acc	IE00B7JY6H00	X	X	Launched
Class A USD Inc	IE0000829238	✓	✓	Launched
Class C EUR Inc*	IE00B2PF5423	✓	✓	Launched
Class C USD Inc*	IE00B2NN6340	✓	✓	Launched
Class D GBP Inc*	IE00B8F6BB67	X	To be lodged	14 January 2014 (9am) – 5 March 2018 (5pm)
Class I EUR Acc	IE00B3BCB806	X	X	5 August 2008 (9am) – 5 March 2018 (5pm)
Class I GBP Acc	IE00B3YV5X70	X	X	Launched
Class I GBP Inc	IE00BD5BKY27	X	✓	7 September 2017 (9am) – 5 March 2018 (5pm)
Class I USD Acc	IE00B3BCB798	X	X	Launched
Class R GBP Inc*	IE00B8BKYN57	X	To be lodged	14 January 2014 (9am) – 5 March 2018 (5pm)
<b>Baring International Bond Fund</b>				
Class A EUR Inc	IE0004866996	✓	✓	Launched
Class A GBP Inc	IE0033064597	✓	✓	Launched
Class A RMB Hedged Inc Monthly	IE00B7JYQK32	X	X	2 February 2012 (9am) – 5 March 2018 (5pm)
Class A USD Inc	IE0000829568	✓	✓	Launched
Class D GBP Inc*	IE00B8DRTL73	X	To be lodged	14 January 2014 (9am) – 5 March 2018 (5pm)
Class I EUR Acc	IE00B3BCB350	X	X	5 August 2008 (9am) – 5 March 2018 (5pm)
Class I GBP Acc	IE00B3BCB244	X	X	5 August 2008 (9am) – 5 March 2018 (5pm)
Class I GBP Inc	IE00B7JYQM55	X	X	Launched
Class I USD Acc	IE00B3BCB137	X	X	Launched
Class R GBP Inc*	IE00B3QJRD34	X	To be lodged	14 January 2014 (9am) – 5 March 2018 (5pm)

\* Class C, Class D and Class R Units will be available to certain distributors who have in place a placing agency or distribution arrangement with the Managers or their delegates.

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